









# Getting at the truth

by NIGEL ANDREWS

Men (AA)  
West End Two  
idley and Victoria  
Sonic Cris (U)  
Dominion  
onal Film Theatre

something that  
d not be done  
in the world. No  
can boast a more  
than we have."  
on the uncover-  
te. And however  
one may have  
nt years with the  
rica wearing its  
ds on its sleeve,  
doubt the fair  
fair remains a  
in that country's  
ice a national  
national triumph.  
ent's Men is the  
ok of the Press  
the story of the  
Washington Post  
Bernstein and  
ard, who were  
fatergate story one  
ming, when it  
is also a routine  
thereafter began  
he wheels within  
a giant political



Robert Redford and Dustin Hoffman in 'All the President's Men'

ation that resulted  
d a political deter-  
idea the novel twist  
much a whodunit  
t-do-it. Almost no  
transpired, in the  
aking ebullience of  
erment, was out-  
ed circle of guilt  
ry. Not former  
ral John Mitchell;  
House aides Halde-  
man; not, finally,  
himself.  
alist society like  
must be a delicious  
idea of two young  
newspapermen top-  
government: the  
olish story come  
hly adapted for an  
ical cynicism and  
The one regrettable  
film version is the  
bert Redford and  
n in the main roles.

With X million dollars sunk into  
the film, star-casting was per-  
haps a necessary box office in-  
surance. But the presence of two  
tried and tested celluloid heroes  
(creditably as both perform)  
weakens the idea of heroism,  
flowering from anonymity that is  
part of the story's appeal.  
Elsewhere the film hardly  
makes a wrong move. From the  
full-scale studio replicas of the  
Washington Post newsroom, with  
its glaring light and serried  
ranks of typewriters, to the fur-  
tive interrogation scenes in  
suburban homes or subterranean  
car parks, the film's dramatic  
jigsaw is immaculately pieced to-  
gether. Director Alan J.  
Pakula—who has made a  
speciality of "unsuspected en-  
emies" in films like *Kluge* and  
*The Parallax View*—rightly  
keeps the real-life political vi-  
sions off the screen. All we see  
of Nixon is some fuzzy cam-

paing footage on the news-  
room TV screen. All we hear of  
Mitchell are some icily truculent  
replies on the telephone.  
Indeed, it's less a film about  
the repercussions of a big  
political scandal than a study in  
depth of the techniques of  
investigative journalism. How do  
you discover the truth of a story  
when no one is willing to give  
you a straight answer? Do you  
interpret silence as yes or no?  
Do you accept a denial if it is  
unsubstantiated? How many  
sources should you check before  
you trust your story to print?  
Pakula and his screenwriter  
William Goldman have composed  
a whole set of variations on the  
simple theme of a telephone call.  
There is the bullying telephone  
call, the wheedling telephone  
call, the blinding telephone call,  
the hang-up-in-ten-seconds-if-  
the-story-is-true telephone call.  
Tactics and subterfuge reign,

among the investigators as well  
as the investigated. In a story  
that organises itself like a game  
of chess, it's hardly surprising  
that most of the characters  
emerge as no more than pawns  
to be moved about according to plot  
requirements. (Only a gruffly  
benign Jason Robards, as Post  
editor Ben Bradlee, breathes  
much life and individuality into  
his role.) But the manoeuvres  
are so fascinating in themselves,  
and their implications so  
momentous, that it's a game one  
could happily sit on watching for  
much longer than the film's  
swiftly-passing 138 minutes.

Shivers is one of those breath-  
less, whatever-next horror films  
in which every bath-tub and  
every creaking door conceals its  
ghostly secret, and in which  
what starts out as a minor out-  
break of local madness soon  
gathers epidemic proportions and  
threatens to leave no potential  
victim unharmed.  
The setting is Starliner Tower,  
a high-rise residential oasis  
across the river from a big city  
(country unspecified), whose  
occupants are the sort of  
shrewdly diversified cross-section  
of society we have come to  
associate lately with disaster  
films. The epidemic is created  
by a nasty, slug-like insect that  
has been reared by a mad  
professor. Blessed with the dual  
properties of an aphrodisiac and  
a venereal disease, it eats the  
inside of its victims and then  
disgorges itself through their  
mouth or stomach. Whereupon  
the hapless human is rendered  
prey to uncontrollable alterna-  
tions of lust and homicidal  
frenzy.  
Under its original title *The  
Parasite* the film attracted  
some interest at  
Cannes last year, where it  
showed up in company with  
no less notorious Texas Chain  
Saw Massacre. But it hasn't  
travelled too well. Writer-  
director David Cronenberg opts  
for a comic-strip approach, in  
which the story is jerked for-  
ward by a series of gory

rlin theatre

## Brecht's Fatzer-Fragment

by RONALD HOLLOWAY

recht never finished  
and de *Epiphany*  
er (*The Downfall of  
Johann Fatzer*), a  
uprising his attention  
ers (1927-30) during  
reactive period of his  
as he studied today  
rom the incomplete  
nches 1, the first of  
series of "drafts",  
curious title of  
This "Fatzer-Frag-  
ment" entitled  
is all that saw the  
from a collection  
s on the theme of  
on at the end of the  
Way—although the  
as he studied today  
Berlin archive, and  
rlog, Brecht's West  
er, is due to print  
ing for his three star-  
companions in Mühlheim, an indus-  
trialised town on the Rhine,  
where the fugitives have  
in one member's home. His  
egoism, however, gets the better  
of him; after putting up with  
the group condemns and  
executes him for endangering  
everyone else and the cause.  
Nearly all of the action is  
managed effectively with the  
doors and floor traps common to  
a naked stage, the only other  
props being an "Our Town"  
collection of tables and chairs.  
Folger (Wolf Redl), for the most  
part, shadowboxes with himself.  
The "Fatzer-Fragment" re-  
tively unimportant, is remark-  
able nevertheless for its key  
position in the development of  
Brecht from formal expres-  
sionist drama to moral, didactic  
plays in the pre-Nazi period. His

(first-eight, fourteen) are re-  
garded (with Schabbsch's per-  
mission), together with related  
writings by others on the war  
which appeared in abundance in  
the late 'twenties. To help the  
audience through the mass of  
drafts and commentaries (Gör-  
ke Wasmeling) introduces each  
of the scenes and moves his stand-  
and-chair around on the stage  
to make way for the actors.  
Karl-Ernst Hermann's set,  
utilising a broad, uncluttered  
frame, allows for easy jump-cuts  
and one playback of key scenes  
in a two-hour analysis of the  
text. Fatzer, the leader of a  
band of deserters, emerges from  
the story tank first (the real  
article rumbled to a halt in mud  
against a rear wall), and there-  
after he takes charge of forag-  
ing for his three starving com-  
panions in Mühlheim, an indus-  
trialised town on the Rhine,  
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sionist drama to moral, didactic  
plays in the pre-Nazi period. His

plays take on the propagandistic  
tone of Greek drama, but tinged  
with his fascination for Marxist  
philosophy and the problem of  
the subordination of the individ-  
ual to the collective will. His  
preoccupation with this theme  
and Marxist drama as a whole  
can be traced from *A Man's a  
Man* (1926) through *Threepenny  
Opera* (1928) and *Rise and Fall  
of the City of Mahagonny* (1930)  
to *The Measures Taken* (1930).  
It is to be found also in his new  
taste for *Lebendigkeit*, like *Flight  
of the Lindbergs* (1932), and the  
*Versuche*, the first edition (1930)  
of which contains *Anecdotes of  
Mr. Kasper* (a figure adopted  
from the "Fatzer-Fragment").  
Fatzer as a figure of contradi-  
ction is a forerunner of Galileo  
and Schweik. We can thus sense  
the full turbulence of Brecht's  
mind at this time: his young  
imagination was never more  
activated by any other theme,  
and he went back to Fatzer time  
and again for inspiration and  
guidance.  
The Schabbsch and Frank-  
Patrick Steckel have been  
entranced by the moral Brecht  
since a side-production of his  
*The Exception and the Rule*  
(written 1930, published in  
*Versuche 10*) as a kind of work-  
shop experiment; earlier Peter  
Stein scored his first critical  
success in Berlin with a produc-  
tion of *The Mother* (1932).  
Brecht's adaptation of Gorky's  
novel, *The Schabbsch*, it is  
rumoured, has been casting a  
hungry eye on *The Measures  
Taken* (*Die Massnahmen*) for  
some time now that brilliantly  
conceived and widely disputed  
oratorio first performed in 1930  
by the Greater Berlin Workers'

Choir with music by Hanns  
Eisler: the short "didactic play",  
about a similar liquidation of a  
comrade in the interests of the  
Communist cause, forecasts  
ironically the Stalinist years and  
was to play the part of a hun-  
dred in Brecht's favour, during  
the McCarthy Hearings of 1947 (in  
which he interpreted lines from  
the play in his defence on how  
a man could freely offer his life  
as recompense for a cause he  
knows he is endangering). The  
Berliner Ensemble has never  
produced *The Measures  
Taken* and is not liable to do so  
in the foreseeable future. Not  
will the Brecht-heirs allow any  
other theatre, East or West, to  
perform it. In fact, the East  
German Press has been rum-  
bling as of late about those  
terrible formalistic heresies in  
the Schabbsch and the production  
of Euripides' *The Bacchae*: since  
the production itself is long  
gone, why all the fuss?  
Meanwhile, as the Schabbsch's  
concentrated Brecht-seminar on a  
truncated drama set up, a  
concentrated seminar on  
Brecht's *The Exception and the  
Rule* was sponsored in East  
Berlin by the directors of the  
Volksbühne for a hundred  
invited workers. The *Deutsches  
Allgemeines Sonntagsblatt*, West  
Germany's well informed news-  
paper on cultural affairs in the  
German Democratic Republic,  
reported that the Volksbühne's  
Benno Besson, Matthias Lang-  
hoff and Manfred Karge spent  
three weeks with workers read-  
ing, playing and discussing the  
drama during working hours.  
The seminar has produced a  
cannot be played in any other  
theatre in East Berlin than the  
Berliner Ensemble.

Elizabeth Hall

## Voices

Hans Werner Henze's *Voices*,  
the evening-long collection of  
songs for two vocalists and in-  
strumentalists given its first per-  
formance by the London Sinfoni-  
etta in January 1974, was an apt  
choice of programme for the  
composer's 50th birthday concert  
given by the Sinfonietta on Wed-  
nesday. Henze himself con-  
ducted, and the singers were  
Sarah Walker (mezzo-soprano)  
and Paul Sperry (tenor).  
*Voices* is one of the richest of  
recent Henze compositions, one  
in which his naturally fertile,  
many-faceted invention is given  
fullest expression. The 21 songs  
share the theme — if so many  
variations on it can still be  
called a theme — of voices world-  
wide, telling in four European  
languages of international woe  
and crying for change: the music  
clothing the poems is linked  
more by contrast and balance of  
satire, lyricism and pathos, than  
by cyclically cohesive structur-  
ing.  
It is a luxuriant, full-to-the-  
brim collection, in which the  
good poetry (by Brecht, Hainz,  
Emmendorfer, some beautifully  
simple Italian lyrics) is enhanced  
by instinctively "right" as well  
as novel instrumental colouring,  
and in which the terrible poetry  
(notably the crass, cliché-ridden  
tracts by Erich Fried and a  
couple of the chosen Black  
American writers) is transmitted  
into dramatic eloquence by vocal

lines always freshly imagined.  
At the heart of the cycle  
and closest, one feels, to the  
composer's heart, closest even  
than political considerations—  
are several wonderfully com-  
passionate laments, simply phrased  
and set, with lyrical tenderness  
and also economy, "Cairo" and  
"Il Basil" two of the Italian  
poems delivered by Miss Walker  
with exquisite tact, and "The  
Worker" for tenor against a  
background of hummed chords  
and guitar, are the happiest  
examples of this, acute, gentle  
modern melody.  
Voice was played and sung  
with sovereign ease and mastery,  
given that the 16 musicians are  
players of many instruments,  
also choristers, sound-effect-  
providers and other dramatic  
personae. Miss Walker and Mr.  
Taylor, not perfect vocal tech-  
nicians — her sustained notes  
tended to be bumpy, his top to  
thin out — showed themselves  
performers of such protean in-  
telligence, linguistic deftness,  
musical sophistication and  
theatrical verve as to submerge  
all school-of-Garcia-and-Marchesi  
doubts in admiration. In the  
final song, the choral "Das  
Blumenfest" celebrating with  
increasing seriousness and rap-  
ture, the power of love and  
flowers, all combined to resolve  
earlier anguishes and contra-  
dictions in a mood of loving  
warmth.

MAX LOFFERT



Leonard Bernstein

shire and Martin Shaw in 'Miss Julie', which opened last  
night at the Greenwich Theatre

Aldwych

## The Zykovs

by B. A. YOUNG

Disillusion is the key to almost  
all that happens in *The Zykovs*,  
written by Gorky in 1913 and set  
in 1912. In 1912 the hopes stimu-  
lated by the 1905 revolution were  
gone and the 1918 revolution was  
not even dreamed of.  
The Zykovs are a prosperous  
bourgeois family in the timber  
trade, but they are surrounded  
by failures. Antipa Ivanich mar-  
ries his son's pretty but stupid  
sister Fania, hoping for love  
and peace but finding only stu-  
pidity and misunderstanding. His  
son is a drinking poet. His  
intelligent sister Sofia  
loves a Swede but finds him out  
in dishonesty. Muratov, a state  
forest warden hitherto noted for  
his ruthless efficiency, decides to  
live in the greater comforts of  
the West.

Mike Gwilym has a good shot  
at the son, but this is such a  
characterless part, almost devoid  
of any telling detail once it is  
established as an idle, drinking  
ass. Even at this point of no  
return, after silly Fania has  
blurred out to Antipa "I love  
Mikhail!" seems curiously short  
of feeling. True, this may be to  
Mr. Gwilym's credit, since  
Mikhail is a person in whom feel-  
ing never runs deeper than the  
odd millimetre; but it somewhat  
dulls the impact of the offstage  
shot that signals his resignation  
from life.

There is a gallery of support-  
ing characters most of whom are  
equipped with little histories.  
Shokin the keeper once killed  
a poacher and has to live with  
his regrets. Fania's mother  
wished only to see her daughter  
well endowed before taking her  
away to live better than before.  
Matvey Illich the book-keeper  
says funny things like "a con-  
sideration of notions" (which  
surely the translators ought to  
have another shot at) and "not  
a single body" for "absolutely  
nobody". Indeed, he can talk  
quite reasonably when he wants  
to. There are even little scenes  
for the kitchenmaid Stypoka  
(Lynsey Baxter, with a properly  
rustic accent she must have  
found lying about in her dress-  
ing-room).  
Gorky never manages to bring  
all his details to a head. There  
is plenty of action in the last  
two acts, though distressingly  
little in the first two; but it is  
never resolved as Chekhov, for  
instance (whose ghost stalks  
about the stage sometimes),  
would have resolved it.  
David Jones, who has given us  
good times with Gorky before,  
seems to have been beaten by  
this one. The stark settings are  
by Timothy O'Brien and Tareena  
Pirth. Occasionally I found  
downstage furniture obscuring  
the action.

'The Socialist  
Alternative'  
at the ICA

The ICA's Socialist Theatre  
Season continues in May with a  
series of one-night stands consist-  
ing of short plays followed by  
discussions, from May 4-8 in-  
clusion. There is also a lunchtime  
play opening on May 4. Article  
First by Brian Pheasant, dealing  
with the place of torture in con-  
temporary political life.

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# U.S. electronics group charged with illegal exporting to Russia

**I. I. INDUSTRIES** has been charged with illegally exporting \$3m. in sophisticated electronics manufacturing equipment to the Soviet Union in what may be the start of a U.S. crackdown on such transactions.

The Federal indictment returned on Wednesday alleges that the Sunnyvale, California, company, three of its officers and three West German nationals violated U.S. law forbidding exportation to Communist bloc countries of any goods which will "significantly increase present or potential military capability."

A Government prosecutor said the equipment in question is used to make semi-conductors, electronic devices which could be used in guidance systems for missiles. He added, however, that authorities did not know what use was made of the equipment by the Soviets.

The indictment charges the defendants conspired to export the prohibited goods to the Soviet Union between April 1, 1975, and last January 17. Company officials had no comment to make on the charges.

According to the indictment, the equipment was sent to Russia

through a convoluted, international path that included sales to fictitious companies in U.S., Canada, Switzerland and West Germany. Government agents said more than \$3m. worth of equipment was shipped to Russia.

## Soviet-Egyptian pact

**EGYPT'S CANCELLATION** of its peace and friendship treaty with the Soviet Union should not affect Egyptian-Soviet trade, Egyptian Commerce Minister Mr. Zakariya Tewfik said here.

He and Soviet Foreign Trade Minister Mr. Nikolai S. Patolichev signed a 25-year trade agreement for 1975 on Wednesday to replace a five-year agreement that expired last December 31.

The new trade agreement envisages a total turnover of about 12 per cent. less than the actual level in 1973, Mr. Tewfik said.

He added, however, that there was no political significance to this, "We were short of some products," he said—cotton, for example—since we had a crop short-fall."

Asked if he expected the 1975 agreement to lead to another five-year pact despite the deteriorating relations between the countries, he said: "We expect it. Of course, every side has its own views on what he can take and what he can give."

● The Soviet Union will provide the construction technicians and a large part of the financing for Algeria's first aluminium plant, the Algerian Government said.

The plant will cost about \$360m. and produce 140,000 tons of aluminium annually, using bauxite from Jamaica and Guinea. The agreement includes 10-year Soviet loans at 4 per cent interest.

AP-DJ.

# Brazil hit by U.K. shoe levy

**SHOE MANUFACTURERS** in Brazil believe that the 10 per cent. surcharge that the British Ministry of Trade and Commerce has placed on Brazilian shoe imports will virtually put an end to sales to Britain.

The Minister of Finance, Mario Henrique Simonsen, commented in Porto Alegre: "Luckily England has little weight in our shoe sales, but I am going there very soon and I'll squeal a bit."

Simonsen will be accompanying President Geisel on his visit to England next week. Sales to Britain only represent about 4 per cent. of Brazil's shoe exports.

● The British are more concerned about the shoe surcharge than the U.S. Government has decided not to increase its surcharges, as the U.S. takes about four-fifths of Brazil's exports.

Reuters

# SEC may suspend short selling rules temporarily

BY STEWART FLEMING

NEW YORK, April 22

**THE SECURITIES AND EXCHANGE COMMISSION** is considering a temporary suspension of the regulations which restrict investors and dealers from selling shares that they do not own in the hope of profiting from a fall in the share price. This sort of transaction is known as "short selling" or "bear selling."

Since shortly after the depression of 1929, first the New York Stock Exchange and then the SEC introduced rules restricting short selling.

Essentially these rules prohibit short selling at a price lower than the last recorded transaction in a stock and were designed to prevent a cumulative "bear raid" developing in a stock.

The SEC now feels that improvements have been made in the reporting of stock market transactions on the various U.S. stock exchanges that it can ease the short selling restrictions and, perhaps also, for an experimental period, suspend them to see if they are really necessary.

The argument put forward is that since reporting of transactions is now much better than it was before, whether a bear notice any cumulative short selling and will be able to move in stock exchanges will use quotation and begin investigating to see if charges of market manipulation can be laid.

While no final decision on whether the experiment with a temporary suspension of the short selling rules has been made, it seems likely that it will be made in the near future.

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# Luther King new inquiry ordered

By David Bell

WASHINGTON

**THE U.S. A. GENERAL** conceded that the FBI did harass Martin Luther King Jr. to discredit the civil leader. But he insists Justice Department found no evidence that the FBI was in responsible for, or c death.

However, Mr. Edwards said, the FBI was ordered investigation. That may not be enough to satisfy some of the 200,000 who will be re-examined in the FBI's mission to lead in its own of the civil surrounding Dr. King's

The wording of statement indicates that are not to be any new of those involved in inquiry and that it Department will instead on the document may not be enough to concern of some of the leaders who still have the real story of it has yet to emerge.

They are still uncooperative, statements James Earl Ray, who served a sentence in the prison, was involved in the killing particularly they want to know Ray's whereabouts after the time, who announced he was leaving the country, did not do it and was staying that he has demanded a "see" if the FBI miss important leads in its own of the civil surrounding Dr. King's

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# Belgians may see BBC 'live'

BY DAVID CURRY

BRUSSELS, April 22

**THE BBC** may soon establish its first "live" link with the Continent. Talks are under way which could result in BBC television programmes being transmitted live throughout Belgium by cable.

The major obstacle is the demand by British cable companies that they should receive royalties if the programmes reached a wider audience, but it is hoped that talks in London between the BBC and representatives of Belgian cable companies—including discussions with the unions—may resolve this problem.

It is understood that the BBC's fears that its commercial sales of material would suffer if

U.K. television were viewed directly here have now been largely dispelled.

If BBC programmes were relayed directly to Belgium the Dutch are thought to have indicated that they would like to take it from the Belgians. The only payment for this by the cable companies is thought to be a small copyright payment to Germany.

Under existing international agreement currently being negotiated, a signal can be improved in a receiving country provided it can be picked up normally.

It is under this provision, as well as with the willingness of the Governments in question to see television used as a means of making friends and influencing people, that the cable companies operate.

Since BBC can be picked up already in Belgium, the retransmission of BBC programmes by cable (instead of by microwave) to places beyond those which can pick up the normal signal may in any case be difficult to stop.

Meanwhile, a seven member French technical team has begun talks in Islamabad on French participation in Pakistan's nuclear programme. France has already agreed, with the permission of the International Atomic Energy Agency, to supply a nuclear fuel plant to Pakistan.

The Pakistan Atomic Energy Commission plans to build 34 nuclear power plants by the end of this century, beginning with a 600 megawatt power plant at Chashma, about 100 miles south of Islamabad. It will cost more than rupees 525bn.

# Pakistan A-plant

By Iqbal Mirza

KARACHI, April 22

**PAKISTAN WILL** shortly invite international tenders for the supply of atomic reactors for the Chashma nuclear power plant. This will be the first of a complex of six nuclear power plants, with auxiliary facilities, planned to be located at the site.

The chairman of the Pakistan Atomic Energy Commission, Mr. Munir Ahmad Khan, said that half-a-dozen nuclear technology exporting countries were interested in supplying reactors for the project, but the supplier would be decided through international bidding.

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# Bangladesh links restored

By Iqbal Mirza

KARACHI, April 22

**PAKISTAN AND** Bangladesh are on their way to establishing direct trade links since the recovery of the economy of the country after the 1971 war.

A three member official trade delegation from Bangladesh flew into Karachi last night to negotiate and conclude a general trade agreement to be followed up with agreements on shipping and air transport. The delegation Mr. Matur Rahman, secretary of commerce for Bangladesh said they had already exchanged views and a general list of items to be traded between the two countries had been identified. He was now in a position to indicate the volume of goods to be traded.

Mr. Rahman said Bangladesh would like to purchase from Pakistan, cotton, cotton textiles, sugar, pharmaceuticals, goods and finished leather. In return it would like to sell jute, jute goods, tea, newspaper, paper and rayon to Pakistan.

In the absence of direct trade relations, trade between Pakistan and Bangladesh has been taking place through third countries. Indirect trade between the two countries during 1974-75 amounted to over Rs.170m.

According to figures available here, Pakistan exported to Bangladesh goods valued at over Rs.130m. These included boiled rice, raw cotton, cotton cloth and engine parts. Imports from Bangladesh included black tea, ginger, raw jute, jute products, iron and steel, and chemical preparations, valued at over Rs.30m.

In 1969-70 West Pakistan exports to East Pakistan amounted to over Rs.180m. While imports were valued at over Rs.80m.

Direct trade between the two countries will result in substantial expansion of Pakistan's exports and should also favourably affect the balance of payments position of the two countries.

# Ford intensifies Texas campaign

BY JUREK MARTIN, U.S. EDITOR

HOUSTON, TEXAS, April 22

**THE FORD-REAGAN** contest in Saturday's primary election here, which the former California Governor must win to keep his challenge alive, is shaping up as a battle of blunders. Both Republican candidates seem to be trying to outdo each other in extolling the necessity of maintaining American military might.

President Ford, aware of the popular view that Mr. Reagan was well ahead in this basically conservative State, has been again delivering 20 speeches in four days and "pressing the flesh" in his most intensive campaigning of the year so far.

In the process in the last 24 hours he has called his challenger "a liar," "a scoundrel," "a supercilious," "a glib," and "an experienced" and "guilty of issuing 'over-simplified' one-liners."

He has even taken a poke at Mr. Reagan's career as a film star by commenting, "when it comes to the life and death decisions of our national security, there are no retakes in the Oval office."

At the same time, Mr. Ford has driven home the message that he has proposed the two largest defence budgets in American history. He proclaims that the U.S. will not surrender access to the Panama Canal for as long as there is a useful life in the waterway (he says 40-50 years), though he acknowledges the need for a new treaty with the Panamanians.

And the President has perhaps also been stripping his record in the White House, which he argues, gives him his qualifications for the job. He contrasts this with Mr. Reagan, "Obviously we should exercise great caution before heeding the words of a man who has no

experience and little understanding of the complexity of national defence matters."

On the other hand, for all his criticisms of Ronald Reagan, Mr. Ford refuses flatly to rule out the possibility that he may be running with him as a conservative State, is back here again delivering 20 speeches in four days and "pressing the flesh" in his most intensive campaigning of the year so far.

He now allows himself optimism about Saturday's vote. Previously he had described himself as the underdog. This built up a lead. This may have morning, at a Press conference, been eroded. An endorsement of either candidate by Mr. John Con. of momentum which could very well give us an opportunity to win. He was even frank enough to agree with a question forthcoming.

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that suggested that his tactics were designed to appeal to conservative enough to win the Texas primary but still clearly middle of the road to take the general election in November.

The Reagan strength is based in the more rural, more conservative west Texas. He may also benefit from the votes of conservative Democrats, who may choose to abandon the fading Governor Wallace of Alabama and opt for Mr. Reagan.

Cross-over voting of this sort is permitted here. Nobody is forecasting the outcome with any confidence. Mr. Reagan has milked this State hard for some weeks and the common view was that he had built up a lead. This may have morning, at a Press conference, been eroded. An endorsement of either candidate by Mr. John Con. of momentum which could very well give us an opportunity to win. He was even frank enough to agree with a question forthcoming.

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# More grain sales likely

BY DAVID BELL

WASHINGTON, April 22

**THE SOVIET** Union is expected to buy more grain in the near future despite yesterday's purchase of about \$400m. worth of American grain and wheat which was revealed yesterday by the Agriculture Department.

Mr. Richard Bell, the Assistant Agriculture Secretary, said that grain sales to slide downwards. The Agriculture Department is now looking for a longish period of low grain prices. The cause it has been worried about to re-enter the market for some time and yesterday's grain purchase "carry-overs" of wheat and corn from this year's crop.

Mr. Bell made it clear that one of the tasks Justice Department would be to see the Midwestern farmers in the Midwest who have been making a loss for some time. The Administration which they have been responsible for their activities. The to be carried out by men's Office of Responsibility which several months ago made allegations of conduct made against them and its agency is one of these.

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# India sets higher targets

BY K. K. SHARMA

NEW DELHI, April 22

**INDIA'S** export target for 1976-77 has been fixed at Rs.43.5bn. (about \$2.4bn) but the Commerce Ministry hopes to achieve at least Rs.45bn. This represents a sharp increase from the previous financial year when estimates that exports worth Rs.36bn. about 15 per cent. higher than in 1974-75, even though there was a recession in most of the markets overseas.

But India has also recorded the biggest trade deficit which is estimated at around Rs.12bn. in 1975-76—a record mainly because of the high cost of crude oil and grain, and fertilizer imports.

Expectations are, however, that the trade deficit will be considerably reduced in the current year, despite the liberalisation of imports. The surplus after the home market demand is met.

Expectations are that exports of engineering goods, cotton textiles, readymade garments and certain agricultural goods will go up. It is also hoped that owing to the recovery of construction activity in Europe and the U.S. the ground lost in jute goods will be made up (there is no duty now on jute exports).

The main economic reason put forward by the Foreign Trade Institute in Belgrade is that Yugoslav organisations could easily become "factors of conversion of hard into soft currencies with very negative and far-reaching disadvantages for the domestic economy."

In other words, they would tend to import from the West various raw and production materials and technology, paid for in hard currencies, and then export their products to the East.

The best solution is seen to be an increase in exports to western and developing countries and maintain their share in total trade. That however is easier said than done, partly because it requires bigger efforts and partly because many Yugoslav exports face many obstacles.

Yugoslavs are in principle pleased with the growth of Comecon trade as of any other, but the idea of increasing that group's share does not have the support of the government. The reason is perhaps more economic than political, although it has been known for long that they do not like being too dependent on any economic grouping. This has been especially so after the economic blockade imposed upon them by the Eastern Bloc after they broke away from it in 1948.

The draft five-year plan 1976-1980 puts forward the target of a 14 per cent. rate of increase in the value of Yugoslav exports and 10 per cent. of imports. At the value of trade both ways in 1975 was \$11.77bn. (exports \$4.072bn. and imports \$7.69bn.) this means that total Yugoslav trade in the next five years' period would be about \$82.37bn. at current prices.

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YUGOSLAV COMECON TRADE			
	\$m. at 1975 prices	1971-75 % of total	1976-80 % of total
Bulgaria	432	4.99	1.280
Czechoslovakia	2,000	15.79	4,273
Hungary	802	6.34	2,082
GDR	1,400	11.86	3,900
Poland	1,360	10.24	3,200
Romania	430	4.85	1,000
USSR	5,700	45.01	14,000
Total	12,664	100	28,835

100

28,835

100

28,835

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28,835

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28,835

100

# Malaysian tax changes urged

By Our Own Correspondent

KUALA LUMPUR, April 22

**A WARNING** that Malaysia's taxation was reaching levels which could adversely affect the country's trading position and ability to attract foreign investment was given by the president of the Malaysian International Chamber of Commerce and Industry today.

Speaking at the chamber's annual lunch here, Mr. Clive Little, who is also the general manager of the Chartered Bank in Malaysia, suggested the Malaysian Government switch to the American system of taxation to avoid the present complex legislation, which was difficult to interpret or enforce fairly.

Malaysian commercial companies at present are subjected to two main taxes—profits tax at 40 per cent. and a 5 per cent. development tax—while the plantation and mining industries faced additional export duties and surcharges.

Mr. Little said the chamber has set up a committee to make representations to the Government on this matter.

# Optimism

The optimistic view of the financial position of the less developed countries receives support from Mr. G. A. Costanzo, of Citibank, who believes that defaults on major private bank loans by LDCs are unlikely. He points out that borrowing to finance current deficits is a natural method of development for LDCs, that oil surpluses can be recycled to deficit countries, and that as the developed countries recover, imports from primary producers will increase.

Upper income LDCs are the

# FINANCIAL TIMES CONFERENCE IMF head urges careful loan pol

BY PETER SABINE

NEW YORK

**LENDING** BY international banks for balance of payments purposes should not go so far that it might postpone necessary adjustments to the economies of the borrowing nations, according to Mr. Johannes Witterveen, managing director of the International Monetary Fund.

Speaking at a Financial Times conference in New York, which was chaired by Mr. James H. Higgins of the Mellon Bank, Mr. Witterveen added that banks must also take care to avoid action that would shift an undue burden of adjustment on to those less developed countries, which have been particularly hard hit by oil price increases or by the recession in the industrialised countries.

Mr. Witterveen pointed out that financing provided by private commercial banks towards meeting payments deficits had been substantial, with an estimated \$250bn. outstanding against bank borrowers at the end of 1975, compared with \$60bn. at the end of 1970. There has been concern that excessive borrowing could lead to default but Mr. Witterveen pointed out that as a consequence of the large increase in world trade, there has been no significant rise in the debt service burden for developing countries in general, and in some important cases the ratio of debt service to export receipts has increased.

The IMF expects the surplus of major oil exporters to decline only marginally in 1976 from last year's \$35bn., while the deficit of the non oil producing countries is expected to fall from \$50bn to \$43bn. Because drawings from the IMF over the past two years have come largely from the special oil facility, the regular resources of the fund remain "largely unimpaired."

Major borrowers from private banks, for example, are Brazil, for example, of the EEC has been stopped in its tracks by the strains of the past year, according to Mr. John Nash, director of monetary affairs of the European Commission, but he argues that a new integrationist approach is likely to emerge. It is surprising that more Governments institutions did not break down under the strain, and despite the problems of the "snake" some financial solidarity was achieved, through short and medium-term support by central banks and community loan facilities Field would see this as a crucial test of this suspicion.

Other speakers at the conference were Mr. Roger of Banco Lar Bras, Mr. Felix Mohanty, of the International Bank for Reconstruction and Development Bank.

This announcement appears as a matter of record only

**SOCIÉTÉ DE GESTION FINANCIÈRE DE L'HABITAT (SOGEFHA)**

**D.M. 32,000,000 SIX YEAR LOAN**

guaranteed by the</



# Arias reforms condemned as being 'unacceptable'

**BONN, April 29.**

**MADRID April 29**

This view was reflected by some members of the Franco-parliamentary body, the Cortes, who were alarmed that Sr. Arias was suggesting universal suffrage and freely elected deputies.

The weight of criticism from the centrist parties was aimed at the second assurance that democratic procedures would be followed after the referendum or the elections to the lower chamber.

They stressed that no mention was made of political parties, or the union or of Government that would reflect the expressed wishes of the people. And they also suspected that the all-important electoral law, due to be sent to the Cortes before 1958, would realise their worst fears.

Speculation over the unity of the Government inevitably increased again especially after Foreign Minister Jose-Maria de Azeite, had been saying that it was vital to hold the referendum before the end of June. Sr. Arias' qualification that all reform proposals were dependent on the approval of the Cortes has caused particular despair.

## Gomes move on the PPD threat

FRANKFURT, April 29.

associations approved during the 1960s. Generalissimo Franco commented that the reforms proposed were "absolutely unacceptable."

From Senator Jose-María Gil-Robles, President of the Centrist Christian Democrats, came the observation that the "Prime Minister's speech had been as dramatic as any I have known," that he was "fighting democracy."

LISBON April 29.

PORTUGAL'S popular Democrats today appeared to have succeeded in a play aimed at ensuring that they are taken into account when the country's next Government is formed sometime this summer.

The PSD had threatened to leave the caretaker Government Cabinet, headed by Admiral Pinheiro de Azevedo, following Sunday's election vote unless the Communists were expelled for their allegedly undemocratic behaviour in the past.

President Costa Gomes was forced to step yesterday with a mediation effort aimed at heading off the crisis precipitated by the PSD threat and

apparently prevailed upon Admiral Pinheiro de Azevedo to ask the party leader, Sr. Sa Carneiro, to stay in the Government to ensure that it reflected feeling in the country.

The sixth provisional Government which Admiral Pinheiro de Azevedo headed, was formed on the basis of results in April 25 elections for the Constituent Assembly. Sunday's results saw the PSD emerge once again as the second biggest party in the country, although, like the leaders, the Socialists too saw their support slip.

Dr. Mario Soares, the Socialist leader, subsequently pledged that he party would govern alone

or not at all, to the fury of Dr. de Carvalho and the leader of the Centre Democrats, Dr. Professor Freitas do Amaral, who both called for a coalition Government to be formed when the present Cabinet's term of office expires with Presidential elections in the summer.

The Prime Minister's move to assure Dr. Sa Carneiro that the PPD's presence was needed to ensure the continuatio<sup>n</sup> of the sixth Government is seen here as allowing the PPD leader to put pressure on the next President to choose a Government which would include his party and let him point to the precedent of to-day's decision.

BONN, April 29.

**MOST WEST GERMAN** newspapers failed to appear to-day, following the nation-wide strike called by the printers' union, IG Druck und Papier, and the subsequent lock-out by the German Newspaper Publishers' Association.

Late to-day there was no sign that either side had made any move to resume negotiations, and the union stated that it would refuse "to do so until the lock-out was called off by the employers."

In the meantime, both sides have been encouraged in their hard line positions by declarations of support. The German Employers' Federation has called for solidarity with the publishers, while several other trade unions have declared for the printers.

At first sight, this support seems to be in the view of the fact that the printers alone are refusing to accept a wage rise in the 5.5 per cent. range agreed by most other major groups of workers.

**This year we've pulled out  
all the stops for you.**

# LUSAKA

integration." This is now one of the primary political objectives of the Soviet and GDR leadership. The activity and speed of the application of Polymir 50 and the equipment developed with the Soviets to produce low-density polyethylene result in a "three to fivefold increase" in production. The Soviet Union, with the equipment purchased in recent years "from capitalist countries," costs, he said, were one-third lower than when using the Western equipment and process.

West German industry sources say they are at a loss to understand how such results can be attained by the Soviets, using virtually identical processes and equipment imported from the West.

The GDR reports it is building the second plant using Polymir 50 which it says is a "further development" on the Soviet one. It was recently signed between GDR and Soviet enterprises for the export of equipment to the GDR works. Further plants based on Polymir 50 are planned to be planned over the next few years in the Soviet Union, East Germany and Hungary. This too is taking place in the "framework" of the comprehensive programme of Socialist economic integration."

At present, Comecon industrial integration rests to a large degree on Western imports of technology such as the USSR's Polymir 50. The Soviet, though, are expected to gradually reduce their dependence on the West by developing their own equipment.

This could mean declining prospects for Western sales to Comecon over the longer term.

But West German chemical representatives who said they expect to expand say Western companies can expect to stay in business with the East for a long time to come. They point out that as the Soviet economy develops, its needs will become even more sophisticated.

"The main test, we think, will continue to depend on the latest Western know-how to replace outdated technologies."

Don't you agree, 1976 is no year for status quo?

More a time for examining existing arrangements to see if they can't be improved.

If so, you'll appreciate why we're offering our 1976 service to Zambia not just the way we've ever offered, but the best there is.


*Example:* We're now flying non-stop Lusaka in approximately 9hrs 55mins a week.


*Example:* We're now flying a total of 2 weekly flights (including a new Sunday flight) 2 via Rome and 2 non-stop, with sensible departure and arrival times; and fast connections to the Copperbelt and other key centres.

No-one else does.

*Example:* We can now fly your cargo freight on a regular Friday service into Lusaka in 19 hours. No-one else does.

Of course, we know you don't choose an airline simply for its statistics. It's a question of





Where

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If so, you'll appreciate why we're making our 1976 service to Zambia not just the best we've ever offered, but the best there is:—

*Example:* We're now flying non-stop to Lusaka in approximately 9hrs 55mins twice a week.

*Example:* We're now flying a total of four weekly flights (including a new Sunday service) 2 via Rome and 2 non-stop, with sensible departure and arrival times; and fast connections to the Copperbelt and other key centres. No-one else does.

*Example:* We can now fly your company's freight on a regular Friday service into Ndola via Lusaka in 19 hours. No-one else does.

Of course, we know you don't choose your airline simply for its statistics. It's a question of

So this year our service will be even more attentive and conscientious than ever. And we pride ourselves that our food will reach even higher standards than those praised before.

What do we ask in return?  
Nothing except you give us a fly.

	Depart London	Arrive Lusaka	Flying Time (approx.)
Tuesday	1840	0700	10hrs 20mins
Thursday	2005	0700	9hrs 55mins Non-stop
Saturday	2005	0700	9hrs 55mins Non-stop
*Sunday	1915	1040	11hrs 10mins

\*Alitalia Flight No. AZ279 to Rome, connecting with Zambia Airways Flight No. QZ807 to Lusaka. (All times are local times)

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## BREACHED SANCTIONS AGAINST RHODESIA

LAST THURSDAY, April 22, for the first time in ten years of trade sanctions on Rhodesia, senior Rhodesian officials volunteered information on sanctions-busting to the British Press.

The motives for the action of the Rhodesian officials are still unclear. However, in divulging the information to the Financial Times in Salisbury, the officials said that Rhodesia was irritated by the British Government's attitude, which they described as "holier-than-thou."

They referred to the recent British note to the UN Security Council Sanctions Committee naming Belgium, Holland, Luxembourg and France as EEC sanctions busters.

In their first conversation with the Financial Times, the officials were unwilling to provide detailed evidence. Subsequently, however, they made available copies of letters and commercial documents relating to a transaction between Rhodesia and a Scottish timber merchant in 1974. The documents involve a consignment of Rhodesian timber from the Lomro subsidiary, the Rhodesian Wattle Company in Umtali, 100 miles east of the capital Salisbury, part of which went to P. McAlush of Balgovan Sawmill, Tippernure, near Perth, for sale to the National Coal Board.

The total consignment, which consisted of 2,325 bundles of pre-cut pallet timber, 44 logs and 248 bundles of softwood/hardwood cover board, was shipped from the port of Beira in Mozambique aboard the Clan McNair on July 10, 1974.

The documents show that the use of intermediaries in Mozambique was, in this case, a crucial factor in the transaction. The documents show (and the NCB confirm this) that the Coal Board sent an official order for timber to the shipping agent in Beira, S. Gonçalves. There is nothing, however, in the documents to show that the Coal Board conducted any correspondence direct with Rhodesia, or that the Coal Board knew that the wattle did not come from Mozambique.

The pivotal role of Mozambique in breaching sanctions is further highlighted by the fact that the Associação Commercial da Beira issued a certificate of origin on July 8, 1974, certifying that the timber was of Mozambique origin. At that time Mozambique was still a Portuguese territory, though the coup heralding decolonisation had already taken place on April 25, 1974.

Mozambique, which became independent on June 28, 1976, did not impose sanctions on Rhodesia until March 3 this year. However, the Portuguese authorities in Mozambique were not prepared to issue the kind of certificate which would have benefited from a lower rate of British import duty under the Generalised System of Preferences, as it would normally have

# How the wattle chocks came from Umtali to Liverpool

BY FINANCIAL TIMES REPORTERS



The Peter McAlush wood yard, in Perthshire.

Ashley Ashwood

done had the timber been genuinely of Mozambique origin. If this did not alert the Coal Board, perhaps it should have done, since the Rhodesians finally supplied the Financial Times with documentary evidence early this week in the form of photo-copies of a number of documents, most of which had been consigned to a greater or lesser extent through the erasure or omission of some of the names and addresses. In the course of investigations the Financial Times has been able to establish the identity of the participants, which have been confirmed by at least two separate sources.

## Documents

The dossier includes the following documents:

● A letter dated April 9, 1974, from Gonçalves in Beira at P.O. Box 1850, confirming an order for coverboards, and giving details of how the consignment should be packaged as required by the NCB.

● A memorandum marked "Confidential" dated May 9, 1974, to the Rhodesian Wattle Company (P.O. Box 250, Umtali), dealing with exchanges between a consignment and the importer. We have subsequently been able to establish that this came from

the confirming house in Rhodesia which financed the deal.

This document is crucial because it appears to establish a direct link between P. McAlush and a Rhodesian trading house.

● A letter dated May 14, 1974, from Gonçalves to the importer, which confirms the receipt of an official NCB order for 3,000 cubic feet of wattle chocks. On this order form the space for the customer's name has been left blank.

On the basis of this evidence the Financial Times pursued inquiries in London, Scotland, and Ireland as well as in Salisbury.

The key document is the second which establishes the link between P. McAlush and Rhodesia.

The document, referring to order No. 1/ROX 2/12, notes a conversation between Mr. Peter McAlush, chairman and majority shareholder in the family timber concern, and a Mr. Butler of the Rhodesian Wattle Company. The memo quotes extensively from a letter which the confirming house says it has received from Mr. McAlush.

"I apologise for the delay in dealing with the hardwood chocks from your No. 2 sawmill, but the chief buyer of the NCB has tragically died suddenly and this caused a mix-up and delay in getting decisions."

"In the event of this shipment being satisfactory, and I have no reason to doubt it, they are prepared to offer you a long-term contract for around 5,000 plus cubic metres annually. This contract could be over a number of years if you want with suitable price review clauses, etc. in it."

The memorandum specifies that a photocopy of the order from the NCB referred to by Mr. McAlush in an earlier letter was attached. The writer also suggests that the bundles should be marked NCB/L/Pool.

Attached to document 1 is a formal order (apparently a sample) for 1,000 cubic feet softwood/hardwood coverboards at £1 per cubic foot, to be delivered to Liverpool Docks.

On this order form the space for the customer's name has been left blank. The NCB said that it had agreed to purchase this amount from the unnamed importer on the strict

the Clan McNair appear to be considerably larger than the quantities which are discussed in the correspondence. Clan Line were not able to confirm the identity of the consignee or consignees for the rest of the shipment.

The shipping agents, who are listed as Sateco Ltd. on the bill of lading, had addressed part of the cargo to P. McAlush, Balgovan Sawmill.

Capt. Hart told us: "We carried the cargo in good faith and had no idea where it had originally come from. Had we known the cargo came from Rhodesia we would never have agreed to carry it."

At this point we approached the NCB with the facts in our possession. A spokesman last Sunday came back within the hour with a detailed reply. This stated that the NCB, which spends £12m a year for supplies of timber and wood, usually buys in the British market.

In 1973-74, however, supplies in the U.K. had dried up, and the NCB was forced to look abroad. After inquiries in Finland, Russia, Germany, and South Africa, eventually an importer—whose name at that stage the NCB was unwilling to reveal—said he was aware of cheap and available supplies in South Africa.

The NCB said that the only hardwood ever imported from the African subcontinent came towards the end of 1974 and consisted of a consignment of no more than 50 cubic metres worth between £2,000 and £3,000. The NCB said that it had agreed to purchase this amount from the unnamed importer on the strict

The Board emphasised that there were no further orders placed for a variety of reasons: it was, in the first place, concerned about the political situation in southern Africa, and was therefore worried about the prospects for continuity of supply.

The Board also preferred to receive shipments at Loughmash on the East Coast, but vessels from East Africa were generally too large to be accommodated there. The shipment went therefore to Liverpool.

Subsequently, the Board said, the home supply situation improved, so that the five-year plan became unnecessary.

A spokesman for the NCB said that McAlush was one of its main suppliers of home-grown hardwoods but that, apart from this one instance, the company had never been involved in imports for the Board.

When the NCB was looking for foreign supplies, the spokesman continued, Mr. Peter McAlush told the Board he had contacts in Natal and Mozambique and that he could help. In early talks between the NCB and Mr. McAlush, he said, he would arrange import of the hardwood and be responsible for delivery. The Board said that subsequently, however, Mr. McAlush suggested that the NCB should place the order direct, which it did.

An NCB spokesman said an internal investigation would be started at once to determine how the Board came to accept supplies of timber which apparently emanated from Rhodesia, but emphasised that it had received assurances that they originated in Mozambique or South Africa, as the certificate of origin stated.

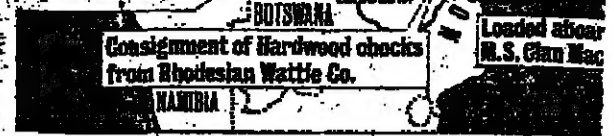
The Board said that such supplies were available in Mozambique, the name eventually recorded on the certificate of origin, and therefore, had no cause to doubt its validity.

## Contacted

On Wednesday, we contacted the importer P. McAlush, whose name had by that time been confirmed to us not only by the shippers but also by the Coal Board as well as by unofficial sources in Rhodesia.

The company was founded in 1941 and registered as a limited company in 1974. It was then established in 1941, and registered as a limited company in 1974. Its nominal share capital is £10,000 in 10,000 £1 preference shares, and 50,000 £1 ordinary shares. The company's shares have been fully issued and are held by Peter McAlush himself (£2,650) and Miss Janet McAlush of Oriel (£2,350) and two others, both in the McAlush family.

Of the 60,000 ordinary shares, 38,000 have been issued and are held by 26 people, 21 of them living in Oriel. At 10,000 of the ordinary shares are held by the company's six directors, all of whom are local people. The majority of timber from Mozam-



Consignment of hardwood chocks from Rhodesian Wattle Co.

During the war, Mr. McAlush was in the RAF, taking a degree in engineering at St. Andrews University at the war's end, after which he joined the family business.

According to the Timber Trades Journal, Mr. McAlush is a well-known figure in Scottish timber circles, serving on the executive committee of the Home Timber Merchants for about 15 years before becoming its President. He is said to have pioneered the use of the shipping route in the U.K. His private pastime is said to be golf.

Mr. McAlush's family is a well-known one in the timber trade. The company's history is closely linked with the family. The company was founded in 1941, and registered as a limited company in 1974. Its nominal share capital is £10,000 in 10,000 £1 preference shares, and 50,000 £1 ordinary shares. The company's shares have been fully issued and are held by Peter McAlush himself (£2,650) and Miss Janet McAlush of Oriel (£2,350) and two others, both in the McAlush family.

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FINANCIAL TIMES REPORTER

MR. PETER MCALUSH, managing director of Peter McAlush Ltd., described as one of Scotland's longest established timber merchants, was elected President of the Home Timber Merchants Association of Scotland in 1972 for a two-year term.

During the war, Mr. McAlush was in the RAF, taking a degree in engineering at St. Andrews University at the war's end, after which he joined the family business.

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COMPANY NOTICES

COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS

NOTICE TO SHAREHOLDERS

The shareholders of the Compagnie Financière de Paris et des Pays-Bas are hereby informed that the Board of Directors has decided to convene a General Meeting of the Company for the purpose of electing a new Board of Directors and for the purpose of approving the accounts for the financial year 1976.

The General Meeting will be held on Friday, 13 May 1977, at 3.30 p.m. in the Grand Auditorium of the Compagnie Financière de Paris et des Pays-Bas, 10, rue de la Harpe, Paris 12th.

The Board of Directors has also decided to convene a General Meeting of the Company for the purpose of electing a new Board of Directors and for the purpose of approving the accounts for the financial year 1976.

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OTHER OVERSEAS NEWS

Beirut elections still opposed

BY MICHAEL TINGAY BEIRUT, April 29

THE SELECTION of a successor to President Suleiman Franjeh became more uncertain today as opposition to the election was maintained by Mr. Kamel Junblatt, leader of the Left-wing Party, and Mr. Camille Chamoun, Minister of Interior and Head of the National Liberal Party.

With the election of a new President by Lebanon's 80 Deputies already fixed for Saturday by Mr. Kamel Assad, Speaker of the House, a smooth election has already been effectively blocked by Mr. Junblatt. A threat for Mr. Junblatt's Deputies to boycott the election has already been voiced, but more serious is the fact that if they choose, the Progressive Muslim Alliance could simply refuse to renew their commitment to the so-called truce at the end of the month.

The fact that yesterday the death toll reached an estimated 77 puts into perspective what passes here for a period of calm. Sporadic sniping and shelling continued to-day underlining the ease with which either side could overturn the current period of uneasy truce.

While the straightforward contest between the two chief Presidential candidates, Mr. Raymond Eddé, Head of the National Bloc and Mr. Elias Sarkis, Governor of the Central Bank became complicated by the stands of Mr. Junblatt and Mr. Chamoun, the Progressive Muslim Alliance said that from Mr. Junblatt's point of view there was little difference in their distance politically and economically from Mr. Eddé's or Mr. Sarkis's positions. The problem was that Mr. Sarkis had come to stand for Syria in the minds of many Lebanese.

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Minister accepted bribe, says Whitlam

CANBERRA, April 29

AUSTRALIAN Labour Opposition leader Gough Whitlam said in Parliament to-day that a Minister for Civil Aviation in the Liberal Government of the late 1960s received large sums of money either for himself or his party from America's Lockheed corporation.

Mr. Whitlam said that he had reason to believe that the Minister was paid a commission on one of 13 Lockheed Electra aircraft sold to domestic airlines in Australia between May 1968, and February, 1969. He did not name the Minister.

Whitlam was mid-way through the 1943-1974 term of the Liberal-Country Party coalition, which was led at that time by Sir Robert Menzies. The Minister for Civil Aviation was the late Senator Shane Patridge.

Mr. Whitlam said that further details about the purchase of the Electras could be obtained from the U.S. Senate subcommittee on Multi-National Corporations. He said that he had written to Foreign Minister Andrew Peacock last March 31 asking him to request the information from the U.S. State Department. His letter was not answered, leading him to suspect that the Government was trying to cover up the matter, Mr. Whitlam said.

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Minister resolves confusion regarding Transkei citizens

JOHANNESBURG, April 29

ALL TRANSKEIANS will automatically become citizens of the Transkei if and when the homeland becomes independent, the South African Minister of Bantu Administration has said. He has said that the Transkei is a "homeland" which has been set aside for the black people of the Transkei.

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Family planning in India

India's Health and Family Minister Dr. Kar

India's Health and Family Minister Dr. Kar told Parliament yesterday that the Government has decided to set up a central government body to coordinate family planning activities in India.



# Bovis have soothing news for managements building overseas



## It doesn't have to turn into a long-distance punch up

Imagine what it could be like trying to sort out problems on a multi-million pound project when the site and the contractors are 4,000 miles away.

The tendering system produces enough verbal punch-ups as it is, without adding distance to the frustrations. That's because the contractor who tenders lowest has to cut his margins to the bone, and he's not going to miss a chance to point out that the basis of his tender has changed. And every change can mean a delay – and that means a hole through which your money leaks away.

The Bovis system is different. Our livelihood doesn't depend on crystal gazing but on realistic forecasting. We work for a fee, calculated on a basis agreed with you in advance. And you see exactly what all our costs are, because our books are open to you.

Bovis can contribute at many different levels, from total responsibility for a project, through construction management, to secondment of staff to help a local contractor. But whatever you ask us to do, you'll find our system fairer, and a lot less stressful, and usually quicker. Altogether a better way to get buildings built.

To find out more about Bovis's service, ring 01-422 3488. Ask for George White if you're building overseas, Harvey Davis if it's about building at home.

## Bovis



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Bovis House, Northolt Road, Harrow, Middlesex HA2 0EE.  
Tehran, Cairo, Paris, Antwerp and Amsterdam.



## For Sale: Interesting Industrial Premises in Switzerland

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**Transport facilities:**  
Excellent road and rail connections.  
Private siding.  
Airports:  
Geneva, Zurich, Basle, Berne, Rhine harbour: Basle

**Suitability:**  
For all kinds of manufacturing, particularly in the machine-engineering sector; warehousing.

goods handling (also with containers), trading, etc.

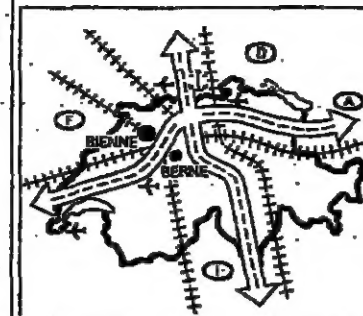
**Size of plant:**  
Site area 550,000 sq. ft.  
Office area 64,000 sq. ft.  
Service area 410,000 sq. ft.  
comprising:  
Production area 360,000 sq. ft.  
Warehouse areas 130,000 sq. ft.  
(= Warehouse volume 1,400,000 cu. ft.)  
Open storage and transport areas 194,000 sq. ft.  
(All buildings in very good condition.)  
High-capacity central power plant with transformer station.

**General:**  
Excellent communications to Europe and overseas.  
Qualified factory and office staff available.

Shift working allowed.  
Taxation favourable in international comparison.

Bienne is a bilingual town with good public services and cultural facilities.  
The local authorities give support and assistance to new enterprises.

**Information:**  
Suter & Suter Ltd.  
Estate Agents and Property Administrators  
Lautengartenstrasse 23  
CH-4010 Basle  
Phone 22 66 11



## HOME NEWS

### Teesside facing loss of 2,000 steel jobs

BY OUR DARLINGTON CORRESPONDENT

ANOTHER 2,000 jobs are to be phased out over the next four years at British Steel Corporation plants at Consett, Co. Durham and Hartlepool, Teesside.

The cutback of 2,250 is in addition to the 3,200 reduction in the Teesside division's workforce announced earlier this year.

Behind the decision, which has caused an angry reaction at Consett and Hartlepool—both unemployment blackspots—is the BSC plan to site its new £250m. plate mill at the Redcar steel complex now under construction. The Corporation said that Redcar is the only possible site for the mill if their plate is to be competitive with overseas competitors.

The new mill will create work for 1,500 men. Hartlepool, on top of a loss of 2,400 jobs already announced, will be left with steel works employment for only 500 men in pipemaking. Consett, after losing 800 jobs because of the plate making transfer, will be left with work for 3,700 men,

guaranteed by a BSC investment programme announced last year. Consett, by virtue of its geographical isolation from main centres of population, is regarded as fairly safe on political grounds, but Hartlepool, just across the River Tees from the new Redcar complex, has long been an obvious candidate for cutbacks.

The Hartlepool steel workers' action committee is already preparing to fight the new proposals. A spokesman said workers feared BSC would soon close down all its Hartlepool operations by transferring pipemaking to Redcar and that the committee would press the Government to consider the social consequences of the changes.

Mr. Derek Saul, managing director of BSC's Teesside division, said he was fully aware of the social consequences from the closure of the Consett and Hartlepool plate mills and that he would try to recruit operators for the new Redcar mill from the men displaced by the closures at the other two works. He also said that Consett would get a new job team such as has already been set up by the BSC at Hartlepool.

Meanwhile, the electrical engineering company, C. A. Parsons, warned yesterday that it will have to cut its 6,500 labour force by possibly more than 800 next year unless the Government orders a power station order.

Parsons, which is already shedding several hundred jobs this year by a non-recruitment policy, faces a serious order crisis and has only managed to maintain its position with export work.

The production director, Dr. Bob Hawley, who will shortly become managing director, said yesterday: "If a decision is not made for a home order within the next couple of months then for a difficult time."

He said export work was not the complete answer. Existing orders for the Central Electricity Generating Board are virtually completed and Parsons had landed only one contract, worth £10m, for the overseas market in the last 14 months.

Dr. Hawley said the necessary order book was about £50m. a year, which meant the £10m order from Korea represented only about 10 weeks' work.

### BSC management takes blame for steelworks disaster

FINANCIAL TIMES REPORTER

THE MANAGEMENT of the British Steel Corporation yesterday accepted responsibility for the disaster at the Appleby-Frodingham steelworks last November, which caused the death of 11 workers.

In a report published today by the Health and Safety Executive, it is blamed for "deficiencies in plant design, maintenance and personal protection for employees."

The disaster—said by BSC senior executives to be the worst in the recent history of the steel industry—was directly caused by water coming into contact with molten metal being poured into a torpedo ladle at the time, the report says.

Mr. Bob Scholey, BSC's chief executive, said yesterday: "We are shouldering absolutely the responsibility."

The corporation, or individual members of BSC staff, may still

face prosecution under the 1974 Health and Safety at Work Act or under subsidiary legislation for conditions at the Scunthorpe steelworks which led to the disaster.

The Health and Safety Executive will probably decide on Monday whether to proceed with prosecution.

While primarily concerned with the precise cause and effect of the explosion in the incident, the report makes it clear that it regards the management as ultimately responsible for not implementing "the declared safety policy of the British Steel Corporation."

The report states that nobody at the plant seemed to have been aware that water coming into contact with molten metal was potentially hazardous and records that no attempt was made to dam or divert the stream of water although it was seen to be flowing down the slope of the cast house floor.

It emphasises eight matters of particular significance which its investigation revealed and comments that, except for one of the items, "all of these matters were known to management prior to the incident. There was no planning for what were clearly foreseeable risks."

In a detailed reconstruction of the incident, the report puts the primary cause on the failure of a blanking plug in one of the iron and steel works, "for the water flowing down the floor of the casting house into the flow channel for the molten iron and so into the torpedo ladle."

Admitting, however, that it is not known for certain what the failed plug was made from, the report nonetheless points out that a substantial proportion of the plugs used on coolers were made of ferrous metal rather than the brass required by the original design.

It points out that there was no procedure at the plant for examining periodically the conditions of the plugs, although plug failure had occurred before. It adds that there had been a number of previous substantial leaks from the furnace cooling system.

In view of such experience, the report suggests, "it was completely foreseeable that water flowing on to the cast house floor would eventually enter a torpedo after casting or would create possibly an even greater hazard by joining the metal stream and enter a torpedo during casting."

In conclusion, the report recommends that the BSC management take urgent and comprehensive action to implement the written statement of policy for health and safety at work, and calls for the responsibility for the co-ordination and control of all necessary remedial measures to be clearly placed on the named holder of a particular post.

While accepting the report, BSC points out that the Scunthorpe disaster should be seen in the perspective of the corporation's accident prevention record which, it says, has improved by more than 30 per cent since 1969.

BSC had taken action on the recommendations of the report, which had been sent to all its steel works, "for the examination and implementation in the light of their own situation."

The lessons of Scunthorpe were being built into BSC's Codes of Practice and all accident prevention measures were being strengthened, the corporation added.

The explosion at the Appleby-Frodingham Steelworks, Scunthorpe, 4 Nov 1975, available from the Stationery Office, price 54 p plus postage.

### Energy consumption falls by 7.5%

BY KEVIN DONE, INDUSTRIAL STAFF

DOMESTIC ENERGY consumption during the last quarter of 1975 fell by 10 per cent lower than in the same period of 1974, according to the Department of Energy's latest trends survey.

Total consumption fell by almost 7½ per cent, and that of solid fuels by a quarter. The only fuel to increase its share of total heat supplied was gas, which rose from 21 to 24 per cent.

During the latest three-month period for which figures are available—December 1975 to February 1976—total inland energy consumption was fractionally higher than the same period in 1974/75, but after adjustments for seasonal and temperature differences, consumption was about 2 per cent lower.

Energy consumption by the iron and steel industry fell by about 15 per cent in the last quarter of 1975 over the corresponding period of 1974, and consumption by other manufacturing industries fell by 6 per cent. The offset by the steel industry has continued to be

dramatically more in other industries.

The Department of Energy says the general decline was less marked than in earlier quarters, "leading support to recent indications of an upturn in the level of industrial activity."

Gas sales pushed ahead again in the last quarter of 1975 and the total sales for the year of over 13,000m. therms were 35 per cent more than in 1974. Domestic demand for electricity fell by more than 8 per cent, and total sales were 51 per cent down.

In the first three months of this year, production of domestic gas fell by about 7 per cent over the corresponding period last year, but open-cast production rose by more than 10 per cent. Total stocks rose last month, and the undistributed stocks of almost 11m. tons are twice the level of a year ago.

Reinery output during the period from December to February was 71 per cent lower than the same period in 1974/75, but there was a marked swing towards lighter products at the expense of fuel oil.

### Low-pri, loan for high-spe train

By Our Industrial Staff

THE ADVANCED Development of Rail's Advanced Train will benefit from a low-priced loan announced by the European Investment Bank.

The bank will lend at 9 per cent to £25m. needed to build prototypes of the train. The three train under construction Derby workshops will service on the London line in 1977.

Carrying nearly 600 passengers, they should journey time by over the 401 mile hours.

The major advantage of the train is that it is faster than conventional trains because of a suspension system which lifts the train off the rails. The train is due to be built in West Midlands, Birmingham, and establish them on Inter-City routes, to non-electric version to be developed.

The bank said the loan would improve communication between Glasgow and Mersey project would also spend advanced within the EEC.

The experimental Advanced Passenger train which last year set a rail speed record of 125 mph is to be built by National Railway Engineering. The train is 100 miles and provide necessary information building of the carrying prototypes.

The European Commission also announced last week that it will provide £15.5m. towards a 252 U.K. projects, a tribute by the EEC Development Fund.

### Giro wi introdu cheque

By Michael Standen

NATIONAL GIRO, 1 of the Post Office, is a £30 cheque guarantee scheme.

The move, predicted yesterday, represents first important development in Giro's expansion of facilities, for which recently given per Parliament.

The cheque guarantee will provide backing cashing facilities at a Post Office. It guarantees payment of cheques or transfers of up to £30 a time.

From July, custom the card will no longer be "bound" automatically when the account does not have a Giro.

Giro will exercise to allow overdrawing amount over a sh. The new card and drawing facilities will be able only to account who have their regular credit to their account.

### Nation Lil liquidator cost releas

By Eric Short

THE COST of winding up Life Insurance, the bill which was put into law July 1974, has already been reduced by Mr. Gerry liquidator. Last year cost of liquidation was at more than £1m.

This week policy received the second payment of £11m in the pound liquidation. In a statement of receipts and from July 3, 1974, to 1976, Mr. Weiss said of the Department of Insurance, £2,211,000. Official Receiver's expenses £2,753. The remuneration was and professional expenses £87,117 making £3,051,053.

The company has ear interest since liquid has received £0.4m. Assets sold have real and the liquidator has £14.4m. to policyholders the pound.

## International Underwriting Activities Continue to Expand. Marked Improvement in Overall Balance Sheet Structure.

DGZ—known as Deutsche Girozentrale—Deutsche Kommunalbank—enjoyed a relatively good year in 1975. The balance sheet total advanced to DM 17.6 billion with the credit volume having reached DM 12.5 billion.

Founded in 1918, DGZ has in the main always concentrated on the specific, large-scale financial needs of business, industry, government organisations and public authorities in Germany, throughout Europe and overseas.

As the Bank has no outside branches its team is able to devote all its efforts to the broad aspects of wholesale banking. During the year under review, the credit requirements of the public sector were particularly extensive and the Bank fulfilled its traditional role as an important financial partner in this field. At the same time, the Bank's international syndicated loan business developed very favourably, with European Governments and State Banks being the major clients. DGZ was lead manager to the tune of more than DM 1 billion worth of loans. During 1975, the Bank participated in a total of 179 foreign issues and private placements.

Increased international activity also brought about a substantial growth in turnover in Eurocurrencies and Foreign Exchange of which DGZ International S.A. in Luxembourg, a wholly-owned subsidiary, had a major share.

The sales volume of bearer bonds continued at a high rate and stock market activities in bonds and shares benefited substantially from the greatly improved market conditions.

### Extracts from the Balance Sheet as at December 31, 1975

Assets	DM millions
Cash and Liquid Assets	168.8
Due from Credit Institutions	3,613.7
Treasury Bills and Non-Interest Bearing Treasury Bonds	595.9
Debentures and Bonds	1,769.1
Receivable from Non-Bank Clients	10,851.1
Fixed Assets	116.1
Other Assets	515.0
<b>Balance Sheet Total</b>	<b>17,629.7</b>

Liabilities	DM millions
Deposits from Credit Institutions	4,602.8
Deposits from Non-Bank Clients	440.5
Own Debentures in Circulation	11,861.2
Provisions	48.9
Other Liabilities	398.1
Capital and Published Reserves	265.0
Profit	13.2
<b>Balance Sheet Total</b>	<b>17,629.7</b>



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### IN BRIEF

#### Betting booms

The relatively mild winter prompted a boom in betting, according to provisional figures published yesterday.

Betting duty paid by off-course bookmakers in March totalled £11m, compared with £8.5m in the same month last year. Duty paid in the first three months of 1976 totalled £30.4m, an increase of nearly 14 per cent on the first quarter last year.

#### Building down

No early prospect of any end to the construction industry's worst recession for 50 years is the depressing message contained in the annual report of the National Federation of Building Trades Employers.

Mr. Ernest Smith, federation president, says that two-thirds of the country's construction companies were operating at three-quarter capacity or less and expected to continue to do so.

Further sharp increases in building costs were likely.

**£40,000 will**

Sir Thomas Monnington, president of the Royal Academy, who died in January aged 73, left £44,611 gross, £43,500 net in his will. He lived in Groombridge, Kent.

**Audit proposal**

Proposals to strengthen the hand of auditors and non-executive directors, are advocated in the magazine "Accountancy". One suggestion is for audit committees made up mainly of non-

executive directors to lead the auditors.

**Soviet car launch**

A 1500 cc version of the built Lada is to be launched in Britain next month at of £1,676. Satra Motors concessionaire, plans 1,000 this year.

**Claim refuted**

The claim made recent Glass Manufacturers' F that bottles are cheap, was refuted Houghton, Lancashire, by Metal Box Europe packaging group.

Metal Box was unv £11m. plant which repr largest single investment U.K. It has created 300 jobs at factory already 1,300 and in a designated ment area.



## HOME NEWS

## Labour backs plan to take over pharmaceutical company

ALD MACLEAN

Party suggestion that the U.K.-owned pharmaceutical industry, since this would be taken over by the National Enterprise Board, should be "a matter of urgency" at least one U.K.-owned company, with a substantial interest in pharmaceuticals, and "use this as a base for the expansion of the public sector within the industry."

However, questions of how much money or the percentage of the industry that might be involved were sidestepped by party officials when introducing the document in London yesterday.

The party has suggested that the Government should consider what measures might be undertaken to stimulate basic research and development in the long-term interests of the National Health Service and the export effort of the British-owned industry, and ways of providing closer links over long-term

chemotherapy research between the industry, the NHS, universities, the Medical Research Council and the National Economic Development Council.

Other points made by the working group are:

Substantial and continuing cuts should be made in sales promotions, with faster reviewing of products, and advertising of products restricted as they are reviewed; products that have been replaced by drugs of greater effectiveness should not be advertised;

On acceptance of a product for marketing, information to be given in the advertisement should be settled;

A public agency is needed to play an independent role in the dissemination of information to doctors and hospitals; a statutory system should control the content and presentation of advertising; and issues of gifts and

samples by the industry should cease.

The Prescribers Journal should be improved and issued more frequently; Doctors should be made more aware of lists of similar products; Greater emphasis should be given to improving pharmacology and therapeutics education.

Patent life should be reduced rather than extended; Section 41 of the Patents Act should be retained and its operation reviewed.

The voluntary price restraint scheme should become the basis of a flexible legislation with statutory backing, to bring the pharmaceutical industry under statutory price controls which already "cover all other industries."

Encouragement should be given to the industry to improve its "already good" export record.

## Ministers' patronage lists 4,900 jobs

HENNESSY, LOBBY CORRESPONDENT

4,900 paid appointments of Ministers is the Government move represents the first attempt to open up public patronage ever when Sir Harold Wilson's public appointments in the Civil Service listed range from an of the National Board, who command a salary of £31,850, to a chairman of the development Council, £250 for his labour, to lists the appointments, functions and of 300 public bodies phone number from information may

Jonathan Charkham, the public appointment said yesterday: "The fords politicians and all easy means of about the system if to and of registering st. The unit is giving in ways in which p might be better story goes some way revealing the widespread

nationalised industries when they fall vacant, with short lists and interviews replacing the untrammelled exercise of ministerial patronage. Such a move would find considerable support in the Cabinet.

The initiative of Mrs. Shirley Williams, Secretary for Prices and Consumer Protection, in advertising the post of Director General of Fair Trading to replace Mr. John Methven, who is taking up the appointment of Director-General of the Confederation of British Industry this summer, could be the model for similar appointments in the future. A short list of eight candidates were interviewed by a selection panel of four made up of Mrs. Williams and her senior advisers. Their final choice will be announced shortly.

The public appointments unit could easily accommodate such an arrangement and its task is merely to provide Ministers with a list of possible candidates.

"The way in which Ministers make their appointments is up to them," said Mr. Charkham. "A Minister can decide to advertise if he wishes. He would have to consider whether this will produce a good selection of candidates, bearing in mind that advertising is not cheap."

The unit reports directly to the PM and operates at an annual cost of £50,000.

A directory of paid public appointments made by ministers. SO, £1.50.



Mr. Jonathan Charkham

to consider whether this will produce a good selection of candidates, bearing in mind that advertising is not cheap."

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A directory of paid public appointments made by ministers. SO, £1.50.

## Riley stops parcel post rise at 13%

JUR SMITH

ment has ordered a 13 per cent. rise to cut its losses to 13 per cent. increase in prices would therefore have to be higher and sooner than would otherwise be necessary.

However, no change in letter tariffs is contemplated. Sir William Ryland, Post Office chairman, has expressed the hope that prices can be held until beyond next July and there is increasing optimism that no change will be necessary this year.

The success of the next stage of the Government's incomes policy will be crucial to Post Office finances, as labour forms such a high proportion of total postal costs.

The parcels increase, originally scheduled for last Monday, will not now be implemented until June 7.

## Hotel chief's debts £17.8m., court told

A STATEMENT of affairs filed by Mr. Stephen Kennedy, 56, who headed the Magnum Hotel group, shows liabilities of £17.8m. and assets of £15,977.

Yesterday, at London Bankruptcy Court, Mr. Kennedy's counsel asked to have his public examination held in private because medical matters would be referred to. After some legal argument, the court was cleared. Later, the Registrar adjourned the application to November 25.

Mr. Kennedy, of Albert Hall Mansions, Kensington Gore, London, ran the Magnum group during a period of rapid expansion, with hotels in Rome, Amsterdam and Copenhagen, as well as several British cities.

Various Magnum group companies went into receivership in 1974, with creditors of Magnum Hotel (Leicester) being told of debts of over £8m. and Magnum Hotels, a management company, showing an estimated deficiency of over £12m.

The main bank lender to the group was First National Finance Corporation. The extent of Mr. Kennedy's personal liabilities is thought to be explained by personal guarantees he gave on bank loans.

## Car policy to keep down costs

By Eric Short

IN AN effort to keep motor insurance costs down Cornhill Insurance has introduced a Trafalgar Mid-way Policy, which provides the basic cover of third party, accidental damage, fire and theft—but only to the car itself. It does not cover the fringe benefits such as theft of contents or medical expenses to people involved in accidents.

The new contract offers an alternative to motorists seeking to reduce their motor premiums, but who are reluctant to dispense with cover for damage to the vehicle itself. At present, the only alternative is a policy which just covers third party, fire and theft.

## Deposits shortage 'could lead to industry'

AEL BLANDEN

of medium-term deposits by the banks has been reached over £400m., and manufacturing industry was taking a quarter of its borrowings in this form.

Among the clearing banks as a whole, medium-term lending for industry had almost doubled in the last two years. Some of the growth represented transfers from the "hard core" of overdrafts, but this was more than just a way for the banks to earn higher rates of interest.

"We can no longer allow overdrafts to run on for years with a hard core at short-term rates which are, and always will be, lower than medium and long-term rates."

While some industry might prefer fixed rate loans of the kind offered by Finance for Industry, nearly all the banks' medium-term lending was on variable rates. This was because deposits were taken on that basis.

Medium-term deposits in the banking system are in very short supply.

## Stonehouse: 'Big cash problems'

Financial problems had been paid out the money might have gone in the normal way to meet some of these debts.

But he had arranged when the insurance policies were being taken out on behalf of his wife, Mrs. Barbara Stonehouse, that all the benefits under this life cover should go to her estate so that she would get the whole benefit from them.

"The picture quite clearly emerges that he has decided to acquire funds under a new identity and to go to another country leaving his wife behind," Mr. Corkery claimed.

## Airline pension fund buys £2m. estate

By Quentin Girdham

THE Airways Pension Scheme, the pension fund of British Airways staff, has bought the 2,850-acre Ashby St. Ledgers, Rugby, estate of Viscount Wimborne. The price paid was around £2m.

The deal is one of the largest single purchases ever of agricultural land by an institution, and is the largest in which a fund will manage the land itself.

Pension funds have begun to invest more heavily in land during the past six months but normally favour leasebacks from resident farmers or already tenanted farms. In this case the fund, whose advisers are Jones Lang Wootton, will manage the main 1,250-acre farm.

The present staff will be retained, and the buyers have stressed that arrangements for the eight tenanted farms of over 1,100 acres, plus 35 cottages and a public house in the village, will remain the same.

The institutions' interest in farmland centres on the stability of demand in an area of investment so far relatively free of political interference. Investment yields have fallen to 5 per cent., or below this in the case of improvable estates, while good vacant land commands around £700 an acre, with wide regional variations.

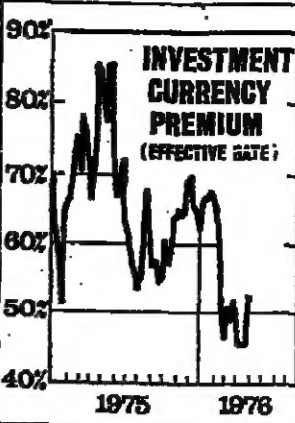
Lord Wimborne, 36, inherited this and other estates from his father, one of the biggest investors of his time in farmland. Part of the family's Cornford Estate near Poole, Dorset, was sold to the local authority for £2m. Recently Lord Wimborne also sold land near Aylebury for a figure thought to be around £1m.

Lord Wimborne, who has been chairman of Harro's and Dixon, an international shipping and insurance group, has recently taken up residence abroad.

## NEWS ANALYSIS—DOLLAR PREMIUM

## Taking a pounding

BY MICHAEL BLANDEN



SHAREHOLDERS in the Australia and New Zealand Banking group had a bonus yesterday as their shares jumped by 16 per cent. after an announcement by the company that it was moving its domicile from the U.K. to Australia.

The move means that U.K. shareholders will receive the benefit of the investment currency premium on their investments without having paid it when they bought the shares.

They will thus have achieved in a perfectly legal way what, by recent accounts, a good many people have put in a good deal of effort to get round the U.K. exchange controls.

The investment currency premium—often known simply as the dollar premium—is a direct result of the exchange control rules laid down, basically, in the Act of 1947.

The premium arises because any U.K. resident who wants to invest in foreign currency securities or in property abroad has to buy the currency needed for this continues to be quoted nominally from a separate pool, which in terms of the old official stands apart from normal foreign currency transactions.

The limited amount of such currency available, coupled with the general attraction for U.K. residents of investment abroad, has meant that investment currency has consistently been worth more than the normal spot exchange rate for sterling.

The contents of the investment currency pool have varied from time to time. Its size, for example, was nearly doubled in June, 1972, when along with the sterling area countries including recent weeks of apparent South Africa and Australia, were branches of the exchange control market—and the then holders of securities from those countries which it has been possible to gain a windfall as a result.

The amount in the pool is also affected by what is known as the 25 per cent. surrender rule. At the same time, the authorities, any U.K. resident who sells foreign currency securities tightening up on their supervision of the premium side of the regulations. Against this to exchange a quarter of the a background of widespread proceeds at the going official ex-Press comment and City rumour

the Bank of England has announced that it had also launched an investigation to discover whether officials of the Bank of England had been involved in breaking exchange control rules.

One specific move to close a legal loophole was taken recently when the rules were changed so that immigrants and U.K. residents who have worked abroad for more than three years could no longer get the premium on foreign currency securities they brought with them to the U.K.

The Australia and New Zealand Banking Group's decision to change its domicile is by no means the first case of a U.K. company taking such a step. One of the biggest companies to do so in recent years was Hudson's Bay back in 1970.

Official approval in such cases is given on an individual basis, depending on the particular circumstances of the company.

The ANZ bank has only about 5 per cent. of its shareholders at present in Australia and New Zealand, but conducts roughly 80 per cent. of its business in Australia and another 10 per cent. in New Zealand.

## New 24-hour bank service

NATIONAL WESTMINSTER Bank now offers customers in Manchester a number of its services 24 hours a day, following installation of a self-service till at a Piccadilly branch.

The machine is the first outside London and one of only four operating in the U.K.

By using their NatWest Service-card and keying a secret number, customers can withdraw cash within a pre-arranged limit, request statements and order cheque-books at any time. On week-days, users can also obtain their account balance.

## Computers too complicated?

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# The Property Market

BY QUENTIN GUIRDHAM

## Artagen: the problems Sun Life faces

David Webb, chairman of Artagen Properties, says that a Sun Life Assurance Society takeover would amount to the "stripping" of assets. This venerable life company is, he thinks, seeking "to avoid the burden of an agreement" which was "entered into freely by both sides." For one whose AGM statement has usually contained some attack on sensationalism in the Press, he is no slouch with the emotive word himself.

But then Webb, to whom Sun Life's timing made a present of an annual meeting to stir shareholder loyalty, can see more than a chink of light for the defence. Resisting a cash bid when the opposition own 33.35 per cent. of the shares is no picnic. But if the logic of the bid demands outright victory, with no minority holdings left, then your chances improve dramatically.

Presuming that the cancelling of the remaining £21.5m. of cheap 25-year funding is at the heart of Sun Life's logic, then it will not be able to do this, or not without fierce opposition from more than Artagen shareholders, of this feeling and into agreed terms before making a formal offer.

That means, under the takeover rules, that it must get 90 per cent. of the 66.65 per cent.

of Artagen's equity it does not own, and win over three-quarters of the shareholders by number. So the Artagen Board may have much more to do than just fight, fight and fight again for a price it approves of. The force of the chairman's words suggests that, having repelled Peachey in

several of the usual takeover arguments. Being a cash bidder automatically limits the scope, and the usual attraction of cash, a large premium over market price, has been weakened here: Artagen shares were 66p before the intention to bid was announced, but they had been higher than the present

price, yet alone the intended bid price, as recently as February, since when many shareholders would think the medium term outlook for the share price had improved. Can Sun Life use a management argument? Not, of course, that their management is better, since that it is irrelevant, but

ing life on a farm scaring birds for a penny a day and "It was not until he renounced drink at the age of 47 that he prospered, but he was a practical, determined and honest man." Not practical enough for the Board of well-meaning peers and prelates, though, for in 1870 Austin departed, muttering: "I'm no

scholar, so they outvoted me." From this start, Artagen arrived in the 1950s with a clutch of low-yielding residential properties and the first stirrings that some spread of interest was called for. In the 1960s it managed, with more success than some other (notably Greenoat Properties) similar Victorian anachronisms, their Boards filled with non-executive ex-military men, to sell off the housing to local authorities and charitable trusts and reinvest the proceeds in commercial and industrial property.

The progress since, under chief executive John Brown, has been not unadventurous, but is now seen as having the virtues of conservatism. Decentralised offices, and a larger than usual industrial content, have explained Artagen's relative buoyancy over the last two years—one of the ten best performing shares in the whole FT index in 1974. Some of the moves, out-

side the South East, into Scottish industrial property for instance, look prescient. Even abroad, where Artagen shares come problems with the rockier property companies, the sale of Enterprise House, Melbourne and Boulevard Macdonald, Paris reduced exposure at the right time, with a £1.5m. provision in France the main scar revealed abroad, to rank with the near £3m. reduction from the joint developments with the Lyon Group.

It is not a blameless record, but it is good one, with the reversionary trend improving strongly over the next few years. If there is a question mark, then it lies in the level of investment and the recently developing nearly 500,000 square feet of factories and warehouses last year (to add to 227,000 square feet of them

bought fully let) was fast going in a difficult market, even if Artagen could still claim only 0.44 per cent. voids on its total rent roll at the end of the year. But then the agreement with Sun Life encouraged Artagen to invest heavily. Aside from the £2m. the life company spent on buying 25 per cent. of the equity, the £40m. of funding is to be spent by 1980, at a rate which does not exceed an aggregate of £5m. a year. The balance sheet additions over the past two years total nearly £25m. against disposals of £11.2m. Even so the assets came down from the £75.2m. in 1974, to £64.0m. in the present balance sheet.

But there is much less scope in this to argue about management than about valuation, particularly since one cannot see Sun Life indulging in anything but the most gentlemanly muddling, and presumably it would want to keep many of the Artagen staff anyway if it succeeded. So the argument divides into two sorts of valuation, that of the property—can Artagen really go back to their agents so soon and ask for them to view values, especially on reversionary property, much differently?—and that of the cheap funding. One can do any manner of exotic sums on the funding side.

If one accepts that the funding should be valued, this is one precedent the bid may set—then Sun Life can still maintain that, with good property shares selling on a 30 to 30 per cent. discount to assets, the bid does not have to be much increased to seem generous. But with no formal fight with a raised dividend, possibly a new valuation and the details of its reversionary potential, it would be surprising if this bid is settled quickly or simply.

The Financial Times Friday April 30 1976

## Trammell's dockland leases

When the question of the length of leasehold to be granted by local authorities under the Community Land Act was first being argued, it was generally agreed that developers and investors might settle for short leases. The problems were likely to arise over the owner's rights when it came to rebuilding premises with a relatively short life, but in general there was unlikely to be much disturbance offered by the 99-year term on which the Government settled.

The leasing arrangements proposed on the Southwark Trade Mart have now been released by the Greater London Council and Southwark Council. It must be wrong to draw any general conclusions from something as unusual as this project, and the trade mart will have a mixture of uses. But the compromise is interesting. The lease on the first phase covering 40 acres will be 135 years, with subsequent leases on the remainder of the 135-acre site being co-terminous with the first lease.

The GLC has been getting progressively more enthusiastic about the Trade Mart. The projected £300m. expenditure was included in the recent Docklands Joint Committee's recommendations. The GLC leader, talked of this as evidence of the faith, others beside the planners, had in reviving the old London dock areas. The developers plan to go ahead with the first stage of the Mart, having it open early in 1979. The first stage will consist of 1.3m. square feet gross and 52 acres which could be in-estimated to cost over £30m. The remaining development of years old, Weatherall Green and the Mart, the distribution area, Smith are sole agents.

## OUT AND ABOUT

Richard Ellis's Glasgow office has produced a report which points to sustained rental growth in Glasgow and Edinburgh offices. The Ellis calculations on Glasgow are that 245,000 square feet of new or refurbished offices are currently available and 250,000 square feet more will be on the market this year or next. Against an annual take up rate of 300,000 to 400,000 square feet, Ellis the agents talk of "a potentially serious undersupply by late 1977."

Turner and Newall is trying ahead with the first stage of the Mart, having it open early in 1979. The first stage will consist of 1.3m. square feet gross and 52 acres which could be in-estimated to cost over £30m. The remaining development of years old, Weatherall Green and the Mart, the distribution area, Smith are sole agents.

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PAGES 10, 11, 12 & 30



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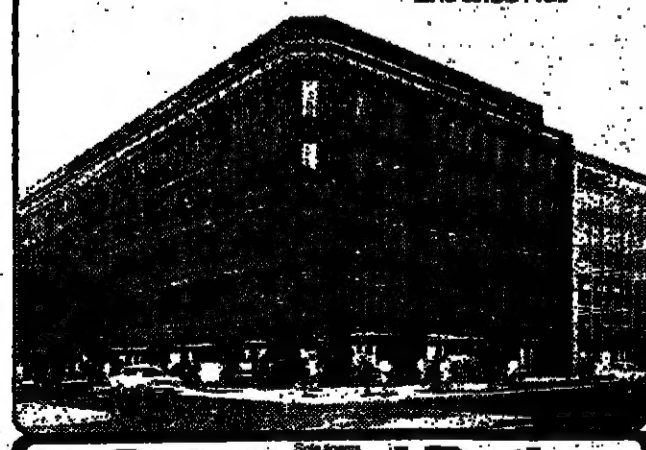
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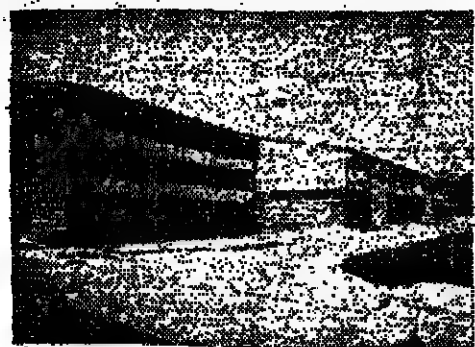
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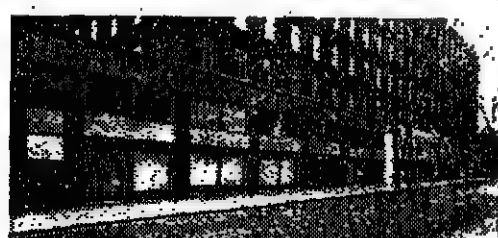
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# Property Market Indicators

## Yields defy static rents

A CONTINUING flat trend in rents is not hindering recovery of the investment market in commercial property. For all but the best shops there is a marked weakness in both rents and capital values. Stronger demand for modern factories and warehouses in the South East and Scotland indicates a patchy revival of industrial confidence.

These trends emerge from a poll of business indicators and activity in the property market. It was conducted by the Royal Institution of Chartered Surveyors in conjunction with the Financial Times.

Over 100 member firms and investing institutions took part in the poll, thought to be the first of its kind. Responses are based on current inquiries, indicating the intentions of office space users, retailers and industrialists in the near future.

The faith of pension funds and insurance companies in property as a long-term inflation hedge, despite little hope of quick rental growth, is shown by falling investment yields in most areas. Hence the capital value of office blocks is indicated as rising even in London and the South East where rental values are either static or falling.

In the City of London, office rents are seen as levelling off after a sharp decline; West End offices, representing a greater variety of accommodation, show a mixed rental pattern, though weakness of demand is not as pronounced here as in the outer GLC area. The non-metropolitan South East also shows weak demand.

Elsewhere, rising office rents are reported in the Northern region, Yorkshire and Humberside and in Scotland. The South West and North West returns indicate that supply of offices outstrips demand. In the retailing sector, a sharp division between prime and secondary property is shown. Nationally, the best shops are showing greater rental growth than any form of office or industrial property. Against this, secondary shops indicate the weakest rental pattern, with a quarter of members noting some rent reductions to fall, reflecting low demand from traders in the present climate.

● A quarterly poll by the Royal Institution of Chartered Surveyors -

RICS member firms and investing institutions rents, investment yields, capital values and in all regions were asked if there was a investment activity for commercial property of commercial (R), static (S) or falling (F) trend in commercial and industrial property.

AREAS	LON. CITY	WEST END	REST. GLC	SE (EX-GLC)	N	NW	EAST ANGLIA	YORK & HUMBERS	EAST MIDS	WEST MIDS	SCOT	WALES
Compared with 3-months ago:												
QUESTION 1												
What is the trend of rents?												
(a) Offices	R 15	15	15	15	15	15	15	15	15	15	15	15
	S 90	62	60	77	62	83	72	60	60	54	92	64
	F 10	23	40	23	—	17	14	—	40	39	8	—
(b) Prime Regional Shops	R 12	36	18	26	28	30	17	36	20	8	50	66
	S 88	64	73	63	70	70	64	64	78	75	50	24
	F —	—	9	11	10	—	17	—	10	17	—	—
(c) Secondary Shops	R —	—	12	10	22	9	17	21	10	—	25	22
	S 67	77	50	53	56	73	50	64	70	75	64	64
	F 33	23	38	37	22	18	33	15	20	25	9	12
(d) Modern Factories	R —	—	8	46	—	25	74	13	36	—	9	50
	S 67	80	84	46	100	58	86	80	84	61	82	58
	F 33	20	8	8	—	17	—	7	10	39	2	—
(e) Modern Warehouses	R —	—	15	53	11	25	15	13	27	8	7	70
	S 67	75	85	39	89	66	85	80	64	54	84	39
	F 33	25	—	8	—	9	—	7	9	38	7	—
QUESTION 2												
What is the trend of investment yields?												
(a) Offices	R 9	8	18	5	12	10	8	12	25	13	13	50
	S 91	92	82	95	88	80	83	84	44	58	74	82
	F —	—	—	—	—	—	—	—	—	—	—	—
(b) Prime Regional Shops	R 29	23	20	5	—	13	9	12	25	13	—	20
	S 71	77	80	95	100	74	66	82	50	62	87	100
	F —	—	—	—	—	—	—	—	—	—	—	—
(c) Secondary Shops	R 86	100	70	86	88	89	67	75	88	83	78	86
	S 14	—	30	14	12	11	—	16	12	17	22	14
	F —	—	—	—	—	—	—	—	—	—	—	—
(d) Modern Factories	R 60	75	23	5	25	43	53	45	30	27	12	88
	S 40	25	77	95	75	61	41	45	46	67	88	12
	F —	—	—	—	—	—	—	—	—	—	—	—
(e) Modern Warehouses	R 60	75	15	5	14	17	63	53	45	30	27	20
	S 40	25	85	95	86	75	37	41	45	46	64	80
	F —	—	—	—	—	—	—	—	—	—	—	—
QUESTION 3												
What is the trend of capital values?												
(a) Offices	R 73	80	70	86	75	64	100	62	33	31	50	80
	S 27	20	10	14	25	27	—	31	55	46	50	20
	F —	—	—	—	—	—	—	7	12	23	—	—
(b) Prime Regional Shops	R 86	75	66	74	66	66	80	54	33	45	80	88
	S 14	25	34	21	34	22	20	46	67	55	20	12
	F —	—	—	—	—	—	—	—	—	—	—	—
(c) Secondary Shops	R 17	83	42	5	—	—	—	7	—	—	9	22
	S 83	—	81	88	88	40	79	80	50	91	66	83
	F —	17	25	14	12	18	40	14	20	42	12	17
(d) Modern Factories	R 40	33	33	70	50	48	29	42	22	38	75	11
	S 40	34	50	30	38	57	65	50	56	48	28	89
	F —	—	—	—	—	—	—	—	—	—	—	—
(e) Modern Warehouses	R 60	64	50	72	42	30	43	29	41	22	38	81
	S 20	34	50	27	42	38	57	44	30	22	19	39
	F —	—	—	—	—	—	—	—	—	—	—	—
(f) Industrial Land	R —	—	44	37	—	17	17	13	10	—	41	23
	S 100	50	44	63	80	66	83	74	80	83	80	77
	F —	50	12	—	20	17	—	13	10	17	9	—
QUESTION 4												
Activity in investment markets												
	R 80	90	100	86	77	90	58	60	63	75	72	90
	S 20	10	—	14	23	10	50	33	37	25	28	10
	F —	—	—	—	—	—	—	7	—	—	—	—

Investment yields accentuate show up in static or falling with three months ago overall. In general it was felt they had then influencing rent this distinction, perhaps also rents. And the revived demand, levels in rents and capital a greater capacity to absorb. Reporting from Yorkshire, indicating a scarcity of acceptable covenants among retailers particularly in warehousing, values are either the same or on a rising basis.

While rate increases, on referred to "an almost i a few members reporting a de- cline in specific regions. Most members report that the increase in local rates is causing some hesitation on the part of tenants to either lease new space or pay modern rents as they are now more conscious of outgoings. This was seen as most relevant in the office and shop sectors.

While larger retailers were found to be very cost conscious, Scotland's economic prospects are reflected in a consensus view of rising industrial rents upward rather more quickly and a strong investment market. Office and prime retail demand in this industrial sector that the is also buoyant, and overall trends Scotland emerges from this poll they are now more conscious of outgoings. This was seen as most relevant in the office and shop sectors. The broad impression given by the poll is that compared with three months ago overall, in general it was felt they had then influencing rent this distinction, perhaps also rents. And the revived demand, levels in rents and capital a greater capacity to absorb. Reporting from Yorkshire, indicating a scarcity of acceptable covenants among retailers particularly in warehousing, values are either the same or on a rising basis. While rate increases, on referred to "an almost i a few members reporting a de- cline in specific regions. Most members report that the increase in local rates is causing some hesitation on the part of tenants to either lease new space or pay modern rents as they are now more conscious of outgoings. This was seen as most relevant in the office and shop sectors. While larger retailers were found to be very cost conscious,

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# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## RESEARCH

### Improving displays of information

WHILE GEC has put magnetic bubble developments into cold storage and IBM has developed a whole new technology for mass manufacture of these compact memory devices, Mullard Laboratories at Redhill has gone off on a completely different tack of using the bubble in small displays.

Magneto-optic displays as developed by a team at Redhill take advantage of the fact that the magnetic domains or bubbles in certain types of artificially grown garnets can be made to contrast very strongly with the background and appear like tiny mobile light spots. Mobile they are because the bubbles can be moved around very easily within the crystal under the influence of magnetic fields.

In the display as conceived by the team, sequences of magnetic bubbles are propagated serially along folded shift registers actually fabricated on the display chip or slice itself so that dot matrix pictures can be formed. The register is a Ni-Fe overlay.

Bubbles appear yellow on a red or green background depending on the setting of the analyser and the characters have dimensions of 0.3 by 0.4mm, easily viewed through a simple 110 magnifier.

Bubble chips with a capacity of 1,000 bits of information have already been fabricated in many laboratories and if used for display work could provide 100 characters of information in a 7 by 5 bubble format.

Write-in times for such a chip would be in the region of 0.1 to 1 second.

The power needed to write in the display pattern is only a few milliwatts and since the display is magnetic it is non-volatile and requires low drive voltages.

Such a compact display would be very attractive for use in mobile communications equipment.

Also in the display area is the interesting work on the problem of the connectors for gas discharge panels, which must be solved if the very large panels envisaged for future systems are to be linked simply and economically to their multiplicity of drive circuits.

Prototype panels have been built capable of displaying 1,000 characters and having 256 cathode and 256 anode electrodes which must be connected to the driving circuits.

Cathode electrodes are fine wires which due to high temperatures used for panel processing are in soft oxidised condition.

Anode electrodes are metallised tracks on the surface of the glass. The method of making connections must be such that it is not hard to change the driving circuits during servicing and low cost is essential. To meet these requirements the design team has developed a package in which driving circuits are on printed circuit boards at the rear and parallel to the display panel. They are accommodated on three

boards each of about the same area as the panel.

For anodes flexible film wiring is soldered to the PCB tracks using special pressure connectors. Cathode wires are connected directly to the board, again using the specially developed connector.

Wires are supported by bonding them to a flexible polyimide film and are protected from oxidising during the processing of the panel by an addition of a gold over nickel plated layer.

The pressure connector results from a laboratory gadget in which tracks on film wiring are clamped against tracks on a PCB by a strip of elastomer to which spring pressure is applied via a rigid bar. In the development coil spring and the bar are replaced by spring clips.

Surface irregularities are accommodated and the devices have been extensively tested under conditions simulating standard operating practice.

Also in the general area of communicating information is the work done by a further team to devise a method of producing cheaply the large aspheric

Crystalline magnetic material being extracted from a growing furnace at the Mullard Research Laboratories. The crystal in this instance—shown right—is for the manufacture and testing of a new form of display unit which can reproduce letters and diagrams.

corrector lenses needed to project colour TV in the so-called Mammoth Project equipment

which can throw a picture of about 6m. wide by 4m. high.

The cost problem has been solved by using a single glass master negative lens and devising replication techniques in plastics in which a thin layer of resin is bonded to a simple flat glass support.

A number of patents have been granted and there is considerable interest in the technique from all over the world.

Philips Industries, 11/12, Hanover Square, London W1A 4QP. (01-499 9555.)



## TEXTILES

### Loom weaves hairy yarns

AT A TIME when many textile machine builders are either going out of business or being swallowed by larger organisations it is significant that a new conventional-type loom-builder has appeared in Britain. The company is Macart Textiles (Bradford), 162, Thornton Road, Bradford (Tel. 0274 22183), which has just launched a high-speed, unguided, flexible rapier loom.

Unlike the old-type shuttle looms which have to be replenished with weft yarn each time the package in the shuttle is exhausted, a rapier loom is able to weave from very large packages and the process is virtually continuous.

The new loom is intended to weave up to eight colours of weft in pick-and-shed sequence and is provided with either a Staubbli dobby or with cam shedding for simple woven constructions and heavier types of cloths. It is being built as standard in 2 and 3.4m widths and can weave cloths from as coarse as 7 to as fine as 120 picks per inch.

When there would appear to be substantially excessive loom-building capacity in the world it might well be asked how the company hopes to compete, for the new loom is certainly not the cheapest available. In designing the loom attention has been paid to building a simple and rugged machine which will weave with a very high operating efficiency, but particularly it has been conceived in terms of eliminating those faults that have come to light in the development of other types of flexible rapier machines.

First production machine is running in a Scotch mill where it is weaving difficult woolsens with very hairy yarns. Weaving well and with excellent efficiency it is argued that the machine will be able to cope with many other cloths, most of which are easier to weave.

In the design of the loom attention has been directed towards a machine with a minimum of working parts, but the spare parts situation has also been considered by making it as symmetrical as possible so that a unit will be as suitable for the left of the loom as for the right. This will reduce the inventory of spares.

Another design feature is that it has been planned to resemble as closely as possible the better known British shuttle looms that it is expected to replace. The depth of the machine is such, for example, that the weaver can reach to the back often without having to walk round the machine for better access.

Normally the loom will weave a dummy selvage on each side and this is then cut away, but for those manufacturers who wish to avoid a fringe, as with self-shirtings, a selvage tucking-in mechanism may also be fitted. The Macart loom is intended for weaving most types of cloth from very light filament and dress fabrics, through to coarse woolsens and even ducks.

## DATA PROCESSING

### Powerful but small

BASED on a selection of proven hardware elements from other machines the company has introduced in the past year or two, together with a new disc store, a 138 line/min. printer and some additional software, Burroughs has come up with the B80, "a very small but powerful and fully featured general purpose computer system designed to enter minicomputer price levels."

Prices range from £10,000 to £75,000, a minimum system consisting of 32K of main store, a speed of 1 MHz, a 60 ch/sec. printer, cassette facilities, to feed in data prepared elsewhere, and 2m. characters of file storage from the new "super mini-disc".

The machines have virtual memory operation, multiprogramming and full communications facilities.

Emphasis is put by Burroughs on the overall flexibility of the B80—its ease of use in a business environment, its ability to take on various characteristics to suit

the job in hand (the "virtual machine" idea), and the simplicity with which the machine may be made to grow in power when the size of the business demands, without the need for extensive new software work.

The company states that B80 will provide economical data processing solutions for smaller businesses considering a computer for the first time or upgrading from a less advanced machine. It is expected to be especially cost effective for larger organisations with branches, warehouses, plants, or other facilities seeking better business management by placing computer power at the locations where transactions take place and where management information is required.

Complete and comprehensive capture, processing, recording, classification, storage and reporting of all transactions and records is possible, and the data is available rapidly for inquiry or management reports via the console or line printers, the large-character gas-matrix display, or through input and display terminals.

Application program products are available for a wide range of businesses including whole-

salers, distributors, manufacturers, hospitals, government, financial institutions, and many others. They are written in Cobol and RPG.

B80 systems are in production in Cumberland, and in Michigan in the U.S. Monthly lease prices will range from £250 to £1,100. More from Heathrow House, Bury Road, Cranford, Middlesex TW5 9QL (01-759 3522).

### Honeywell adds to Series 60

TWO NEW central processors are being added by Honeywell to the medium-scale machines in its Series 60 equipment range.

Level 64—the medium-scale machine level—is getting the 64/50 and the 64/60 to complement the existing 64/20 and 64/40, which have been on offer since early 1974.

Several packages can be supported by the 30, including a mass storage unit able to control up to eight product line disc units providing up to 300m.

bytes on-line capacity per unit and up to four disc units from other series; a magnetic tape processor for up to eight tapes and a service and unit record processor controlling up to 14 communications lines with up to 16 terminals per line.

The 60, which starts at around £500,000, has a central memory which will run from 96K to 384K, can take one or two mass storage processors, one or two magnetic tape processors and one or two unit record processors.

Various new peripherals are being made available and the company has further emphasised the trend towards facilitating the use of the machines in trans-acting processing and network operations.

Honeywell on 01-563 9191.

## OFFICE EQUIPMENT

### Copier for desk and home

SMALL and low-cost the latest compact copying machine from 3M is the Scotch Copier that it is now putting on the market.

Weighing 5 kilos the unit is the lightest in the world, or so 3M says, and is designed for the small business proprietor, the small retailer and branch manager, the consultant in private practice and the executive in his own home. It will appeal to anyone who needs a few copies of documents a day.

Simple to operate and using no chemicals, or powders, the Scotch Copier is dry, clean and

safe. Plugged into any ordinary electricity supply it is ready to use in minutes. 3M has made over 1m. machines using the same principles in Europe alone, so the unit should be highly reliable.

One special attribute of this versatile copier is that it doubles as an address labeller. Once a master list has been made (there is a special kit available for this purpose) it can be copied on special sheets of self-adhesive labels, 33 of a time, at many times necessary.

3M at Harrow Road, London W9 2HU. 01-286 6044.

## TOWN PLANNING

### Managing a major city

AT A COST of some £6m. a town planner's dream has come to fruition in Marseille.

Stored in a computer is a series of data bases for the local authority which use a common geographic reference code. One result of this is the ability to produce a map showing census data related to street blocks.

One map, for instance, can show the population of those over the age of 65 by block.

Reference between this map and one showing the provision of social service centres aimed at helping older people can act as a check on the adequacy of

social and medical facilities. The characteristics are stored in computer files. Digital plotters produce as one "Which helps to counteract the evolution of scale and level of detail."

The obvious use of this data is to implement and next development plans and helps to year it will be completed by the co-ordinate the provision of final addition of underground physical services and show the services to the above ground impact of proposed buildings on the aesthetic and working aspects of the area.

Marseille is also pleased with its new-found ability to reason logically and to create a factual basis for funding support in specific areas, such as special educational help for immigrants.

The system uses IBM 370 machines and IBM's IMS data base, software. Further details of social service centres aimed at helping older people can act as a check on the adequacy of approximate three-dimensional (800).

### How to slow down the works

A human being is the most primitive conveyor system in use today. Every time a man is required to convey something from one place to another—even if the distance is only a few feet—he's doing a job for which a machine is much better suited.

Yet in how many factories are men still the weak and wasteful links in the production line?

### How to speed up the work

Transnorm is the most advanced conveyor system in the world.

Modular in design, the Transnorm system offers production engineers and factory planners new dimensions in flexibility. The standard parts can be fitted together quickly and neatly to solve any problem in unit load conveying.

Transnorm conveyors can be easily extended, re-routed, adapted or re-sited. All parts and accessories for straight conveyors are available ex-stock and all parts are made to a high specification. Economies of production allow Transnorm to be available at competitive prices.

Whether as an individual unit or as a total system Transnorm revolutionises concepts of factory flow.

## Palletisers

Multistak A new and unique installation that loads separate pallets from as many as six different product-lines, automatically and continuously or semi-automatically.

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## Elevators

Exel This range of continuous elevators is outstanding for its compact design, mechanical simplicity and reliability.

## Storage and Warehouse systems

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## Trade Development Bank Holding S.A. Luxembourg

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Trade Development Bank Holding S.A. (TDB Holding) will be held at the registered office of the company, 34, Avenue de la Porte-Neuve, Luxembourg at 2.30 p.m. on 11th May, 1976 for the purpose of considering and voting on the following matters:

1. Approval of the report of the Board of Directors and of the Statutory Auditor for the period ended 31st December, 1975 and approval of TDB Holding's balance sheet as at 31st December, 1975 and profit and loss account for the year ended 31st December, 1975.
2. Discharge of the Directors and of the Statutory Auditor for the proper performance of their duties for the period ended 31st December, 1975.
3. Appropriation of US\$450,000 to the legal reserve, distribution of a dividend of US\$7,217,452 (US\$0.44 per share) and the carrying forward of the balance of the profit.
4. Election of the Board of Directors and of the Statutory Auditor for 1976. All the Directors are eligible and stand for re-election. Election of Mr. Rodney Leach as a new member of the Board of Directors.
5. Determination of Directors' fees.
6. Approval of the consolidated balance sheet as at 31st December, 1975 and profit and loss account for the year ended 31st December, 1975 for TDB Holding and its subsidiaries.

By Order of the Board,  
Edmond J. Safra,  
Chairman.

## NOTES:

Subject to the relevant resolution being approved, the dividend will be payable on 31st May, 1976: (i) in respect of registered shares to shareholders on the register at the close of business on 1st May, 1976 and (ii) in respect of bearer shares against surrender of Coupon No. 4 to any of the Paying Agents listed below.

Any shareholder who wishes to attend the Annual General Meeting and whose shares are in Bearer form may obtain a depositary receipt and/or a form of proxy by lodging his share certificate at the office of any of the banks listed below or by arranging for the bank by whom such certificates are held to notify one of the banks listed below that the shares are so held. The relevant proxy must be lodged duly completed at the office of TDB Holding at 34, Avenue de la Porte-Neuve, Luxembourg not later than 6.00 p.m. on 10th May, 1976. If such shareholder wishes to attend the meeting in person he must produce

such depositary receipt to gain admission, or present his share certificate(s).

Shareholders of TDB Holding whose shares are registered will receive a notice of Annual General Meeting at their registered address together with a form of proxy for use at the Annual General Meeting. These should be lodged at TDB Holding's office in accordance with the above instructions. The completion of the form of proxy will not, however, preclude a shareholder from attending in person and voting at the meeting if he so desires.

The Resolution may be passed by a simple majority provided that no single shareholder or proxy may cast votes in respect of more than one-fifth of the issued capital or more than two-fifths of all shares represented in person or by proxy at the meeting.

Copies of this notice, the Annual Report including the Accounts for the year ended 31st December, 1975, may be obtained from any of the banks at the following addresses:

- \*Manufacturers Hanover Limited, 8, Princes Street, London EC2P 2BN.
- \*Banque Internationale à Luxembourg S.A., 2, Boulevard Royal, Luxembourg.
- \*Manufacturers Hanover Bank Belgium, 13, Rue de Liège, 1000 Brussels.
- \*Manufacturers Hanover Banque Nordique, 24, Rue de la Ville-Eveque, 75008 Paris.
- \*Manufacturers Hanover Trust Company, 14, Wall Street, New York, N.Y. 10015.
- \*Manufacturers Hanover Trust Company, Rockingham Road, London E11 1JL.
- \*Republic National Bank of New York, 452, Fifth Avenue, New York, N.Y. 10018.
- \*Trade Development Bank, 25, Corso S. Gottardo, 68030 Chiasso.
- \*Trade Development Bank (France) S.A., 20, Place Vendôme, 75001 Paris.
- \*Trade Development Bank (Luxembourg) S.A., 34, Avenue de la Porte-Neuve, Luxembourg.
- \*Trade Development Bank, 2, Place du Lac, 1211 Geneva.

\*Paying Agent of TDB Holding.

مكتبة الأمل



# The Executive's World

EDITED BY JOHN ELLIOTT

Vilkinson Match, formed by a merger three years ago, has now completed a re-structuring aimed at expansion. Nicholas Leslie reports

## Managerial logic of a merger

ARS ago, British ration, the Bryant and Swan Vestas a \$10m. takeover inson Sword, which own for its razor rden tools. At the et was made of the ritish Match was ing a company and but was also solv- management suc- lem.

also other import- ations in going for ch were ultimately the Monopolies and the then Trade and Con- ira, Sir Geoffrey a three-month it to assess whether in work against the est. hell, British Match and the worldwide with which to ex- range of products, id only very limited trying to diversify main product of 'ikinson Sword, on and, had a wider ducts—although it ght to be largely a company—and it gical strength; but ancial muscle and mal network.

merger, while some in such areas as ements and lighters place, the more things to have the company seem a sales of subsid- the financial results disappointing and has itself spoken been through a period. In the year \$1, 1975, pre-tax the combined from \$11.3m. to in the first-half of ch has just ended nly a slight upturn a. to \$4.8m. The id in January that sent in the full-year aread with 1974-75 pected. This per- as been in a period out activities un- the main business, organisational and t changes have just need for consumer hich should herald which the full poten- d from the merger exploited. They only decentralisa- some management but also their re- they also herald a n of activity into lar divisions—con- acts and safety and

### amme

taken to reach this been longer than pected due to econo- and situations such day week. But Mr. Lewinton, the at executive, feels ady programme of g resources and acti- w have been complet- smart terms there identifiable changes- set of the merger.



Mr. Christopher Lewinton (standing), the chief executive of Wilkinson Match, and chairman, Mr. Denys Randolph.

From the start, a divisional structure was put into operation and senior directors of overseas companies were brought to London to explain the plan to them.

This was, according to Mr. Lewinton, to take the manage- ment of the two companies and to "pinch them together at the top," rather than to immedi- ately attempt an integration at all levels. The aim was also to explain to them the common direction seen for the two groups, the disposals it was felt would be necessary, and the introduction of controls such as monthly accounts, analyses and cash flow statements for all activities. This meant that some senior subsidiary direc- tors were immediately aware that their activities were thought unsuitable for the group. But it was made clear to them that partnership would be arranged with other companies to ensure that Wilkinson Match is in their "particular activity."

"It was not part of 'Phase One,' as it is seen, to achieve an integration of product develop- ment or to set in motion a marketing operation common to all products."

A divisional structure remained covering matches; personal products (razor blades and toiletries); the Weyroc division, taking in wood chip- board activities; safety and protection, comprising the Graviner fire extinguishers and allied products; and the tool division, principally garden implements. Each had its own U.K. head- quarters to which overseas com- panies referred on more major policy and financial matters and issues relating to product development.

Many disposals have taken place under the plan to concen-

trate activities on consumer products and safety and protec- tion equipment. They include British Match's Kootenay Forest Products subsidiary in Canada, sold to the British Columbian Government; Alserew-Weyroc Canada, which marked the withdrawal from timber and chipboard activities in Canada; a 75 per cent. holding in Weyroc in the U.K.; to Swedish Match (a major share- holder in Wilkinson Match); and the metal furniture business of Eddy Match, in Canada.

With the decks cleared, the group is now moving into "Phase Two" which Mr. Lewinton describes as "making the merger happen throughout the world." This has meant a re- organisation under which a regional structure takes the place of divisional frame- work and it heralds the stage where products will finally come together in marketing terms.

There are six regions for the consumer products activities—Pacific, Middle East and Africa, Western Europe, Latin America, North America, and the U.K. and East Europe. Each has its own managing director, gener- ally resident in his own region, who will be responsible for the profitability of his region in respect of all group consumer products, both from the British Match side and Wilkinson Sword. He will be answerable to Mr. Lewinton. Thus, the separate headquarters in the U.K. for each product activity will cease to exist.

As an example of changes taking place, Mr. Bob Berdett, formerly managing director of the group's personal products division, has become managing director of the U.K. and East Europe division. He has his own management organisation below him and a sales force

of 210 people who will now be responsible for handling all consumer products, rather than being split into smaller teams responsible for particular items.

In addition to the managing directors of the regions, product managers have been appointed for matches, shaving products and writing instru- ments and lighters. Their re- sponsibility will not cover financial matters. Their position is seen as being creative, look- ing for opportunities, and liais- ing with each of the regional directors. Whereas regional directors will have a one to two year responsibility—that is, ensuring the immediate budget is met and forecasting the following year's profits—the product director's responsibility will span two to five years. There is also a research direc- tor who is working for five to 10 years hence.

### Upeaval

The process has obviously not been without upheaval. Several management people have left and "new blood" has been injected in several areas of the world. The process of re- cruiting senior management ex- ecutives, such as deputies for regions, continues. But, "we are 70 per cent. complete," according to Mr. Lewinton.

The structure is clearly designed to give overseas opera- tions a far greater degree of autonomy than hitherto and to enable management to concen- trate on developing as self- contained regional units. Thus, staff as well as management should be better able to iden- tify their contribution to the total group.

In the U.K., there will be just one headquarters office—in

Stanhope Gate, London. Here Mr. Denys Randolph, the chair- man, together with Mr. Lewin- ton and the other directors, will guide the total group operation, assessing its per- formance and creating group policy. Senior regional directors meet in London for two days every two months to discuss their different areas and to "hammer through policies," as Mr. Lewinton puts it. In this way, and under the altered structure, he feels "you end up with a high degree of involve- ment and commitment."

While these arrangements have been made for the con- sumer products activities of the group, its other side—safety and protection equipment—will remain separate on a world- wide basis. This does not mean, however, that these activities are considered to be less important. For the time being, Mr. Lewinton sees the group as being made up of a "leg and a prop," but that does not pre- clude the possibility of the safety and equipment business providing sufficient scope for expansion to a size where there really are "two legs" to crut- tling senior management ex- ecutives, such as deputies for regions, continues. But, "we are 70 per cent. complete," according to Mr. Lewinton.

Meanwhile in anticipation of achieving under "Phase Two" the benefits of the merger as originally envisaged, Mr. Lewinton is already looking towards a "Phase Three" in about three years' time. That will be the point at which an assessment will be made of the group's achievements and the decision made as to whether existing activities to continue internal expansion, or whether the opportunity exists for another "major step" by some other means.

## INDUSTRIAL INVESTMENT

### Spending cut by errors in judging inflation

BY MICHAEL BLANDEN

INDUSTRY'S FAILURE to in- crease investment in capital goods could be the result of errors in its own methods of working out the return likely to be earned on the money spent, suggests a new study published yesterday.

Published by the Institute of Chartered Accountants in En- gland and Wales, the study sug- gests that methods of invest- ment appraisal in industry have in any case lagged behind the more advanced theories ad- vanced in textbooks. It specifi- cally indicates, moreover, that companies have tended to in- vest less than they should be- cause they have failed to take proper account of the impact of high rates of inflation on their rates of return.

This thesis is likely to cause considerable argument in the context of the current wide- spread debate over industry's investment "strike."

The evidence presented ten- tatively by the authors of the study suggests that the fault may lie partly with industry itself.

It is particularly ironical that the main source of error should lie in inflation itself at a time when the proposals for new forms of accounting for inflation are approaching the point of being introduced for industry generally.

The application of inflation adjustments to projected in- comes, rather than to historical figures, appears however to be at a fairly early stage of development.

The authors conclude that their evidence provides strong support for their basic hypo- thesis. This is that the methods

used by large British companies for the appraisal of investment projects tend overall to lead to a level of investment which is below the "optimal" level— lower, that is to say, than would be justified if the most con- sistent and approved methods of judging future income flows and costs in a period of inflation were adopted.

The authors suggest that one contribution to resolving the problem would be made if com- panies published more openly the methods they use when making appraisals of new invest- ment projects. This, they sug- gest, "would provide useful information to shareholders and perhaps lead over time to a greater uniformity in use of best practice." This, of course, is the central issue. The authors start off from the point of examining the various methods available for making investment judgments; they con- clude that there are two equivalent methods which are "consistent with the achieve- ment of wealth maximisation."

These involve either the dis- counting of estimated money cash flows at money interest rates or the discounting of real cash flows at real interest rates. The results should be the same. For the companies which use these methods—described together as the "net present value" technique—the book finds two types of error which both tend to lead to under- investment. On one hand, the use of money discount rates in conjunction with estimates of real cash flows would system- atically undervalue the present value of future cash flows. On the other, the effect of expected

future changes in relative prices may be ignored as a result of using cash flow estimates at current prices instead of esti- mates in money or real terms. The evidence gathered from the 103 answers received out of a sample of 325 large companies indicates that, in general, tech- niques of investment appraisal vary widely. They include a large element of judgment which, even taking into account the elements of risk and un- certainty involved, the authors seem to feel could be improved by more specific managerial figure work. While there has probably been a significant move towards the adoption of the approved discounted cash flow approach, moreover, a majority of firms using it prefer the "internal rate of return" criterion of judgment, under which expected rates of return are compared with some pre- established minimum. Generally speaking, "the established preference in the literature for a net present value has not been accepted in practice."

Clearly, the work in this book is capable of further consid- erable development. But the investigations carried out lead the authors to conclude with some conviction that a large number of firms are using methods of investment appraisal which are likely to lead to con- sistent under-estimation of the real rate of return in times of significant inflation—and some still ignore inflation altogether.

Business Investment Decisions under Inflation: by Brian Carsberg and Anthony Hope. The Institute of Chartered Accountants in England and Wales, 86 pages, £3.65

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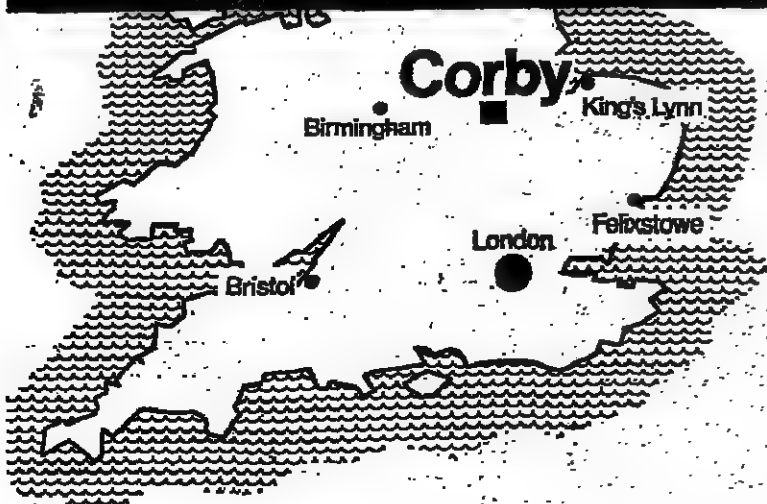
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FRIDAY, APRIL 30, 1976

## Reforming the price code

THE LATEST quarterly report of the Price Commission, for the three months to end February, is encouraging so far as progress in bringing down the rate of inflation is concerned but much less encouraging about the state of company profits. Its own index of prices confirms what has already become apparent in the official indices of wholesale and retail prices: that inflation is at present running at a rate only half as great as at the peak, about a year ago. Although there was, in fact, a slight upturn in February, the last month recorded, the Commission considers this of much less importance than the fact that the temporary increase in the rate of inflation caused by higher oil prices at the end of last year has been quickly reversed.

Since the Commission's index shows price movements earlier than the official indices of wholesale and retail prices—it peaked two months before the former and three before the latter—its behaviour is a good augury for the immediate future. Prices tend to be higher in the winter for purely seasonal reasons, and the full impact of lower pay settlements has yet to be fully reflected in costs, which should also be kept down by the coming rise in production. On the other hand, the fall in the exchange rate and the rise in world prices for various raw materials will tend to push up costs: the balance will be decided by the terms of the new wage settlement.

### A compromise

The TUC has already declared, as part of its negotiating position over the next stage of incomes policy, that it is opposed to any sweeping removal of controls over prices and profits but would be prepared to see restrictions eased in particular cases where a greater flow of internal funds for investment is needed. The CBI, though pressing for the removal of controls, has recognised that some will have to be kept as a psychological counterweight to voluntary wage restraint. There does, therefore, seem to be scope for a compromise.

The Price Commission reports

## Too clever by half in Spain

THE SPEECH by Sr. Carlos Arias Navarro, the Spanish Prime Minister, on Wednesday night, is open to a number of interpretations. One, no doubt held by the extreme Right, is that the Prime Minister has already gone too far towards liberal reform. He has stirred up expectations and even if he is now back-tracking, he will have to pay the price. Another, which seems to be shared across the board from the Centre to the Left, is that the reforms he promised are wholly inadequate. A third is that he is cautiously and even deviously manoeuvring to promote reform without provoking the kind of Right-wing reaction that would make it impossible; or, as Sr. Arias put it in his own cryptic way: "There is no reform without continuity, and without reform there can be no continuity."

### Legitimacy

The Prime Minister, in fact, promised two things: a referendum in October and general elections to a lower house of Parliament early next year. The draft law on political reform will go to the Cortes or existing Parliament by the middle of May and the new electoral law by the middle of July. It appears that the Communist Party will definitely be excluded and that there will be an upper house which will act as an ideological watchdog over the directly elected lower house. But beyond this Sr. Arias has still revealed relatively little. It is not clear, for example, whether the referendum will ask one question or several. The original idea was to reduce the minimum age for succession to the throne from 30 to 18 with the aim of preventing the appointment of a right-wing regent who might restore dictatorship (King Juan Carlos's son Felipe is only eight-years-old.) In approving the change the voters would in effect be conferring legitimacy on the constitutional monarchy.

It now seems likely, however, that the voters will also be asked to approve the principle of the

### Communication

All this is intellectually plausible and may well be the correct interpretation of the Prime Minister's speech, or at least of his intentions. The problem, however, is one of communication. If Sr. Arias really does intend to introduce more liberal reforms than he has suggested so far, then at some stage he will have to tell someone. At present he appears not even to be consulting his senior government colleagues. The Foreign Minister, for example, Sr. Arellano, was recently forecasting a much more rapid timetable for both the referendum and the elections. If even he can misinterpret the Prime Minister, it is not surprising that the bulk of the population can do the same. The reaction of the Centre and Left to Wednesday's speech may be unfair, but it is hardly unexpected. There is a danger on Sr. Arias's part of being too clever by half.

Four dry years and our water system is still archaic. David Fishlock considers a national grid

# Why we must splash out on our water supply

THE DROUGHT that some parts of the U.K. may suffer this summer is a foreboding of the deprivation that threatens if conservation interests are allowed too big a say in ordering the nation's affairs. Where in other industrialised nations the development of electricity supplies seems to have attracted the more vehement kinds of public opposition, courting the risk—and sometimes the reality—of "blackouts" in Britain the bigger target has been public water supplies.

The water equivalent of not having enough electricity to go round is of course a drought. The essential difference is that with water supplies we are dependent from the outset on the capriciousness of what has been called the "higher water authority." The immediate cause of the present situation is an unbroken sequence of four dry seasons to which there is no end in sight.

There is no intrinsic shortage of water in England and Wales. A study of national water resources states authoritatively only two years ago: "Total rainfall is ample to meet all demands for the foreseeable future."

The study, from the now-defunct Water Resources Board, was looking ahead to the end of the century. But it went on to say that regional shortages arose from the uneven distribution of water resources across the nation. In such a pattern that gives the least populous areas of the North-West and Wales the more generous rainfall. Meanwhile, there are parts of Eastern England which receive so little rain that if they were a little nearer to the equator they would be classed as semi-arid.

### National approach

The water resources study forecast almost a doubling of the demand for public water supplies by about the turn of the century. It urged a national approach to the question of redistributing the water, using wherever possible natural means of transport—namely, the rivers. It dismissed as too costly any large-scale schemes for importing water from Scotland, in a situation where few rivers bisect the boundary.

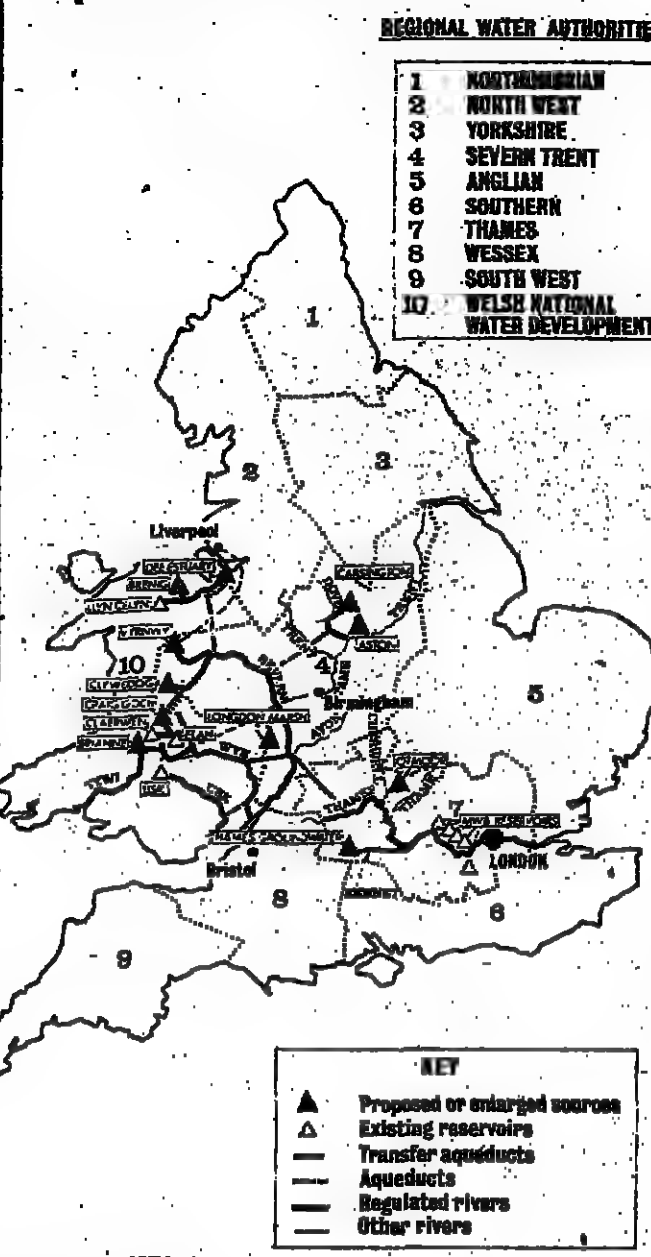
The study estimated a deficit of about 12bn. cubic metres a day in public water requirements, compared with a daily consumption of about 14bn. cubic metres in 1971. It proposed that some £1.5bn. would need to be spent on capital projects over the next 25 years. It suggested that one-quarter could be met by developing local resources, leaving the balance to be found

### Autonomous areas

The report and its scheme for a national grid was shelved when the National Water Council and its ten area water authorities came into being in 1973. In a report of its own the council subsequently questioned some of the assumptions used by the Water Resources Board in forecasting the rate of growth in demand. But the whole basis of the boundaries drawn for the new area water authorities militates against any swift action to implement a national water network. The boundaries of the ten areas were drawn first and foremost to delineate areas that would be virtually autonomous in matching supply and demand. While the possibility of bulk transfers of water are not ruled out, and indeed such transfers sometimes take place, the topic remains politically rather contentious.

To take a particular example, "Welsh water," as one of that country's few natural resources, is a particularly hot potato politically, even though Liverpool water experts will point out that if nothing at all is done about it, most of it will flow naturally into England. But the idea of augmenting the flow with a short cut to the Thames for bulk transfer, no matter how compelling the logic, is one the politicians are unwilling to face.

### Proposed National Water 'Grid'



The water position at the moment among the ten areas is that five areas have no problems: three (Anglia, Wessex and Yorkshire) have a general shortage; and two more, Wales (in the south-east) and the South West area (in south Devon) have more localised deficiencies. The irony is that those areas and regions with the worst problems are, precisely the ones which have raised the strongest objections over the past decade to schemes for providing more water storage, and where schemes for big reservoirs have been shelved.

National Parks present a particular problem. Since they cover about 10 per cent of the country and include some of the areas of most abundant rainfall, besides providing some of the best gathering grounds for water, they cannot be excluded from any plans to safeguard

### New storage projects

Is there a less contentious way of increasing the security of water supplies? One can envisage such schemes as super-tankers transporting water from Scottish lochs into large estuarial reservoirs, or large-scale desalination of sea water. But the economics are unlikely to stand up to very close scrutiny in a nation which

historically has been parsimonious about its investment in public water supplies to the point where much of the system, to quote one official, is "already archaic and a bit creaky at the joints."

Perhaps the most promising alternative is the possibility of artificially recharging an aquifer whenever a suitable source of surplus water is available. The Thames Water Authority has estimated that "natural" water pressures in the strata underlying the Tertiary clays of the London Basin were once high enough to raise water to the height of the Trafalgar Square fountains (which have their own pumps beneath the Square) before they became heavily depleted by pumping from boreholes and wells between 1800 and 1950.

In 1977 the authority hopes to start a two-year pilot project pumping millions of gallons of water back into the aquifer during periods of low demand. It has estimated that it has capacity to store about 45bn. gallons of water if the scheme should prove a success. Underground water storage in this way is expected to have a number of technical advantages over conventional reservoirs—such as low losses through evaporation, low risk of contamination, and minimal maintenance of the system—as well as the obvious one of being well out of sight of the public.

### Industrial regions

But no new scheme, however ingenious, can make any difference to the situation faced by the water authorities in the driest parts of the country. Just how serious is the drought that threatens, however? Here the National Water Council, speaking on behalf of the ten area authorities, finds itself in something of a dilemma. Five of the authorities have no problems at all. What is more, those five embrace the main industrial regions of England, the West Midlands, the north-east and north-west.

Supplies in these regions are expected to be adequate even if, officially, Britain suffers a drought this summer. The Authority proposed by Severn Trent Water Authority Government in its Green Paper for example, which spans a large tract across the heart of the nation, reports reservoir Council, Water Research C in Wales "just short of over- and Central Water Plan Unit. The new authority

Despite the alarming drought warnings lately, the National Water Council is not anticipating any serious supply problems this summer. But in order to avoid a real problem it believes it must publicise the need to for it is "to prepare a national water resources plan strategy for water security inevitably most of this public in England and Wales, who is directed at the householder would submit in Minister—even though he consumes their endorsement."

## MEN AND MATTERS

### Roy Stephens' new round

The British still seem to be trying to gamble their way out of the gloom. Figures from Customs and Excise yesterday showed that at around £400m., national betting shop turnover over the first three months of the year was virtually 14 per cent up on the first quarter of 1975.

One disgruntled punter, though, is Roy Stephens, a 44-year-old Liverpool hotel proprietor, whose long battle with the William Hill chain of betting shops enters a new phase on May 10, at Camberwell Green magistrates' court in London.

As the Financial Times revealed last September 13, Stephens claims that in 1974 he won £100,000, on a £521 accumulator bet with William Hill, which has not been paid. Davies, QC, acting for Stephens, "It is a posthumous tribute to the late Labour MP Maurice Edelman's block betting permit, which he campaigned vigorously against what he saw as a spoils system.

Only one Royal Commission features in the new list which covers 300 public bodies, as all the other august bodies of that type are served by unpaid chairmen and members. Ironically, enough, the exception is the Royal Commission on the distribution of incomes and wealth (chairman, at £16,579, Lord Diamond, plus eight part-time members at £1,000 each).

### Despoiling

The publication of the Directory of Paid Public Appointments made by ministers represents a significant step forward for those who have long harboured suspicions about the secrecy

either into two £5 notes or three £10 notes, a reader to recount what he swears is a true story, and who is I to doubt him when he can name the place where it happened, Scarsden.

That, in case you didn't know, is a Polish port, and some few years ago, two men were arrested there for attempting to engage in an "illegal monetary transaction." A Swedish sailor was trying to get a Polish gentleman to change some U.S. confederate dollars, and the local was offering in exchange German occupation notes.

### Springing in

The great days of American financial institution openings in London seem over, at least for the moment, but one new face is shown in the City from today: Blyth Eastman Dillon, the New York investment banking and brokerage house. "Our goal," declares Robert Cruikshank, "is exploring all the ways of controlling an individual's total financial assets and just selling stocks is not enough. Our business is to know how to package the new products on the way."

Cruikshank is an executive Board member of Blyth Eastman, and is in London full of spring-like enthusiasm for the City as a dynamic market. Earlier in the decade his firm approached the subject of Europe with caution at a time when a lot of the competition, some of which has its enthusiasm for expansion this side of the Atlantic dimmed, was swarming towards London.

Blyth has now acquired two big brothers: INA Corporation, one of the top ten U.S.

### Don't ask

Once again, it is to America we must turn to learn of new marketing developments. The New Yorker reprints a letter which a Massachusetts woman had received, which declared: "Thank you for your recent letter in regard to securing shaving bowls from Yardley, Canada. We are sorry to advise that we will no longer be supplying to consumers in the United States. During the past year, the number of requests has risen so rapidly that we are literally swamped with orders and find it an unprofitable venture."

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# FINANCIAL TIMES SURVEY

Friday April 30 1976

## GROCERY RETAILING

Declining sales of food as well as rising costs have made life difficult for grocery retailers during the past year. Many have gone out of business, and profits are sharply down. There is no sign of an immediate upturn.

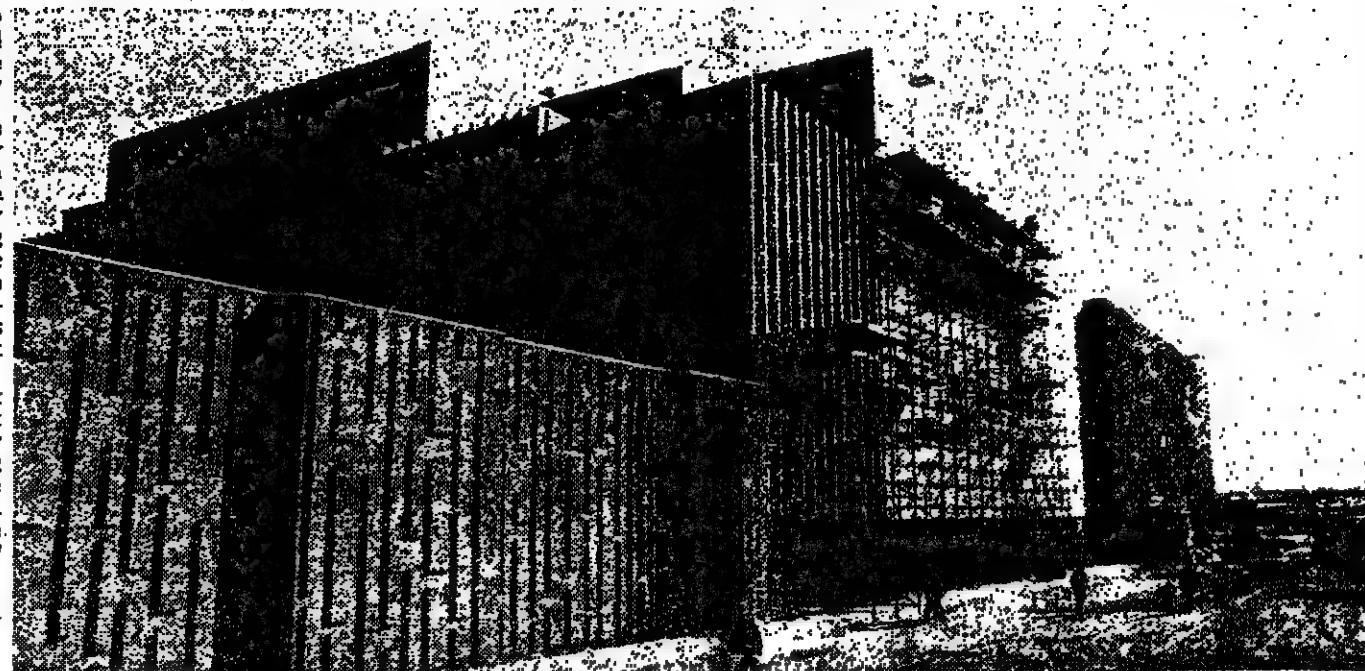
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RETAILERS have been entirely innocent of the charge "wolf" in 1974, when the Commission ordered "reduce their gross margins by 10 per cent" as some fat to retailing compared sectors. The cries of protest, understandable, seemed to have been heard from political retailers had until doing considerably more than the code than the retailers who were forced to reduce their gross margins by 10 per cent. The cries of protest, understandable, seemed to have been heard from political retailers had until doing considerably more than the code than the retailers who were forced to reduce their gross margins by 10 per cent.

Declining The immediate cause of this decline is not the Price Code but the combination of declining food sales and rising costs. Sales of food in the last year through food shops fell by 2.5 per cent—their largest fall since at least 1961—and, despite the high level of food price inflation, the increase in turnover failed to keep up with the increase in costs for many companies. Competition is such that for the moment the Price Code is irrelevant for many companies.

Indeed, if gross margin control was abolished tomorrow, as for many retailers, the Retail Consortium would like, it is doubtful whether it would make much difference to the general worsening in the industry's immediate problems. What such a change to the Price Code would do, however, is allow distributors to raise their gross margins once demand recovered. And, it is on this point that retailers may find themselves up against strong opposition from the unions—however sympathetic they may be in theory to the need to allow more profits to stimulate investment.

But while the Price Code may be an irrelevance today, it certainly has contributed indirectly to the industry's current set of problems—problems which were amply demonstrated by the Price Commission figures which showed that net margins in food



The Brent Cross Shopping Centre in North London under construction.

retailing were at their lowest point since the introduction of price controls in the third quarter of last year. The 1974 reduction in gross profit reference levels, which was enforced in the food and drink retailing sector first and only later extended to other retailers, had a ripple effect throughout the trade. While only a few companies actually exceeded their profit ceilings, the effect of these more efficient companies having to offset their excess profits in the shape of lower prices was to bring supermarket gross margins down overall. Competition that much, while the

very existence of gross margin ceilings meant that some companies lowered their margins to avoid having to roll-back prices in the following quarter. Therefore when demand fell away last year, many supermarkets were already operating on reduced margins. But in 1975, many retailers found that the only way to offset higher costs was to "buy" extra volume by offering better value for money than the competition. Thus further pressure was put on margins. As critics of price controls would point out, the fact that the fat had already been creamed off by the Price Code, meant that there was very little room to manoeuvre. Food distributors traditionally operate on very low margins and while profits had been relatively high in the early 1970s, the margins were never large enough to leave much room for error. Moreover, the Price Commission figures for gross margins, which show only a small drop in gross margins during the year for the combined food and drink retail sector, probably mask a rather larger fall in grocery shops as the drink distributors had a good year.

The fall in gross margins would not necessarily be worrying in itself. But it has been accompanied by unprecedented up from 94 per cent. to 96.3 per cent. and net margins rising from 52.6 to 61.0 per cent. of their reference levels.

Seasonal The improvement, however, can be almost entirely attributed to seasonal factors. While manufacturing margins showed a small improvement when compared with the same period last year, retailers' net margins were standing at the lowest level recorded in a fourth quarter since the introduction of price controls. In the fourth quarter of 1974, food retailers' gross margins were standing at 85.3 per cent. of their reference levels while net margins were up at 88 per cent. of their reference levels. In the same period in 1975 net margins actually rose above their permissible ceilings—a factor which must have contributed to the Government's decision to reduce all distributors' margins by 10 per cent.

The symptoms of this cut in profit margins can be seen throughout the trade, not least in the number of shops which have been closed. Four groups alone—Allied Suppliers, Fine Fare, Key Markets and Intercontinental Stores—have shut around 800 of their smaller branches. In the last year, stock levels have been kept at what would once have been regarded as totally inadequate levels. But while some companies have managed to cut costs—either by cutting uneconomic shops or shedding staff, and others have tried to maintain margins by putting the stress

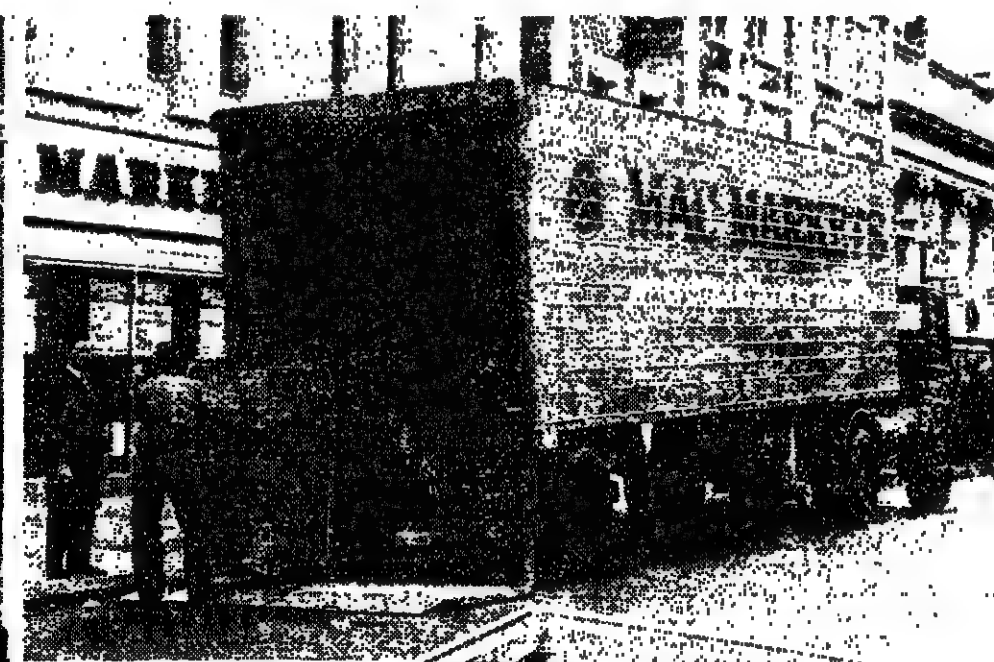
Continued on next page

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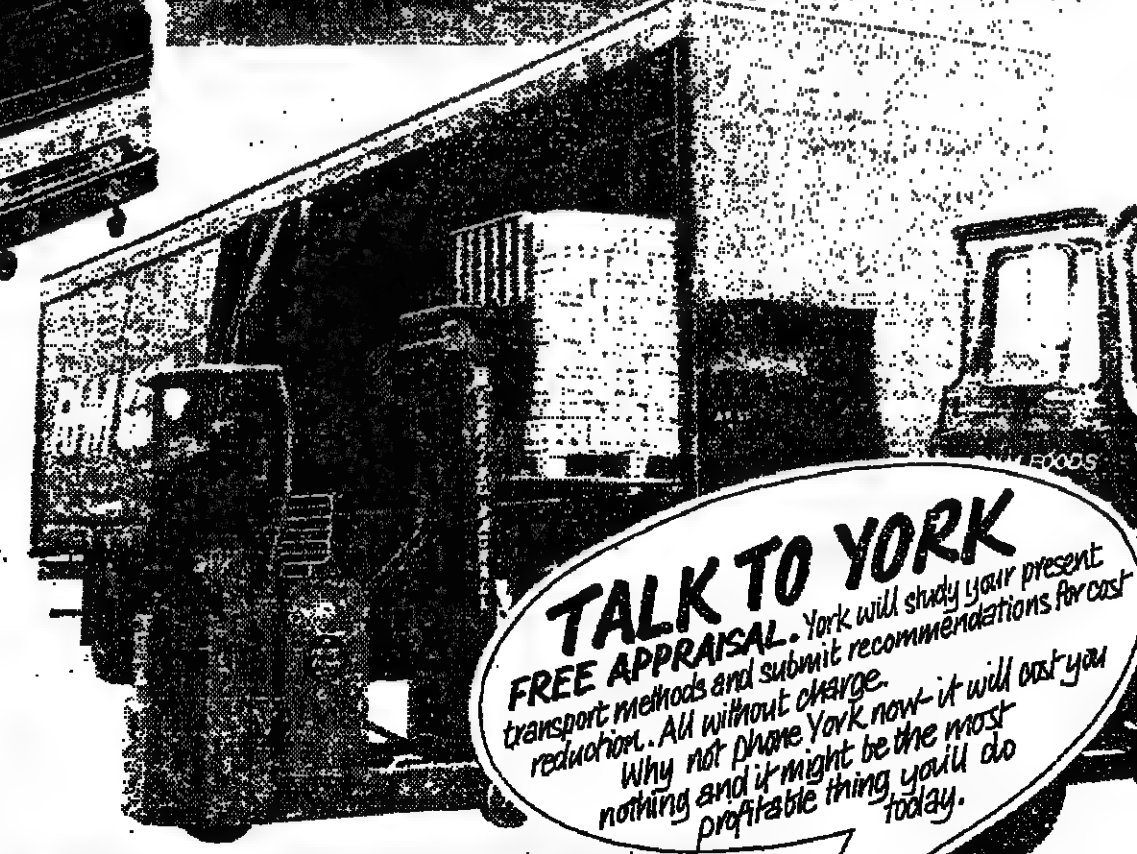
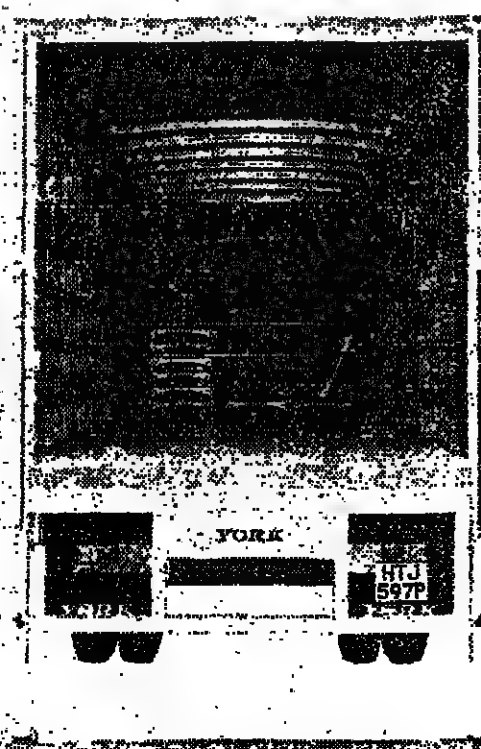


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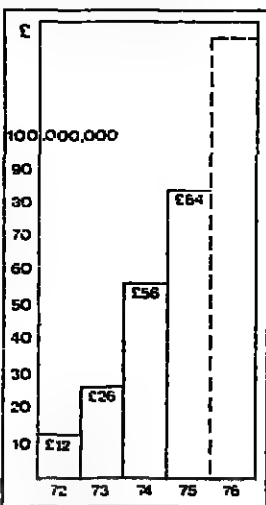
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# GROCERY RETAILING II Multiple competition

THE LAST 18 months has, in the words of one supermarket director, "been the time when everybody went round cutting each other's throats while at the same time trying to convince the customer of what nice people they were." In the fight to get additional volume in what was basically a declining market, the supermarket groups have cut their prices and wooed customers with heavy advertising.

The competition among the big groups has probably been more intense than at any time since the abolition of retail price maintenance. For the energetic bargain hunter, this competition has meant she has been able to blunt the edge of inflation by shopping around but in the long term it may mean she will have further to walk. The pressure on costs has meant that all the big groups have been taking an increasingly hard look at their smaller shops and many of these smaller units have failed to survive this scrutiny.

In the last year, four of the big groups—Allied Suppliers, International Stores, Key Markets and Fine Fare—have closed almost 600 shops between them, with Allied and International closing 200 each.

While, in the case of the Cavenham subsidiary, Allied Suppliers, this closure rate has been no higher than in previous years, there is little doubt that the overall rate of supermarket closures has been hastened by the combination of rising costs and falling sales which came together to make 1975 such a difficult year for the retail trade as a whole.

Most of these groups have been able to maintain their actual sales area by opening new, larger stores but this has not stopped some of them losing out in terms of their share of the total grocery market. Moreover, the trend towards closing smaller shops

shows little sign of abating. The British American Tobacco subsidiary, International Stores, is to close another 351 of its 828 branches this year, while all the big groups, like Tesco and Fine Fare, still have a "tail" of small shops which in the long term could act as a drag on profits.

One only has too look at the size of the average new opening being planned by most of the major groups—around 32,000 square feet in the case of Tesco and 15,000 for a Fine Fare grocery store—and compare it with the average size of their existing stores—a relatively comfortable 7,000 square feet in the case of Tesco but only 4,500 square feet in the case of Fine Fare and around 2,400 square feet for International—to see the gap between present day reality and ambition.

Though it is by no means true to say that all the stores which are now trading with a smaller sales area than those now being opened are unprofitable, the size of the average new openings does indicate the extent to which economies of scale now dominate supermarket thinking.

**Margins**

With gross margins under pressure as a result of competition and net margins being eroded by higher costs, virtually the only way to make more money is either to increase volume—and preferably getting the additional volume through stores with lower overheads—or to diversify into fields which offer a higher level of profit.

In 1975, supermarkets' gross margins, which had already been cut by the Price Code in 1974, were reduced further. This time the reduction was not imposed on the multiples from above by the Price Commission but was their own response to slack demand. What extra volume the multiples achieved



Shoppers in the ASDA centre at Nottingham.

in 1975 was largely "bought" at the expense of gross margins. In most cases the reduction was not much more than a percentage point, but the Unilever subsidiary, Mac Markets, which had previously been trading as a traditional supermarket, cut its gross margins to a level which cannot be much above that of Asda and KwikSave. (It must be of cold comfort to supermarket groups ensconced firmly in the High Street to note that it is these two groups, which operate on gross margins of between 11 to 14 per cent, as against 18 to 20 per cent, for a traditional supermarket, which have been making the biggest strides in terms of market share over the last two years.

Asda, for example, now has a larger share of the sales of the high-volume package groceries market than International).

Meanwhile, three of the established grocery multiples—Key Markets, International and Fine Fare—also started testing a completely new concept of discount selling in an attempt to make money out of their

smaller stores. Using the names Key Discount, Pricerite and Shoppers' Paradise respectively, the groups launched shops selling only a very limited range of products at greatly reduced margins. The shops, some of which are in High Street positions, are based on a successful German concept and, in theory at least, operate with far lower overheads than traditional supermarkets.

Most of these limited range discount stores were previously trading as ordinary supermarkets and it is estimated that they will have to increase their sales by over 200 per cent if they are to pay for the reduction in gross margin. The tendency among the groups which have not gone into this market has been to decide these conversions as last-ditch attempts to make money out of the tail-end of a lease. But, even if this is true, the implications of such deep price cutting on a wide range of goods in the High Street could be worrying in the short-term, at least, for the established operators. A Tesco store situated in the same shopping area as a Shoppers' Paradise could hardly afford to be offering higher prices on the 500 lines stocked by the Shoppers' Paradise. The response from the other big companies, so far, has been to try and stamp out these new stores before they get going by undercutting their prices but it seems likely that at least one more of the major groups will open a chain of limited range stores before long and the ripples spreading from what are in themselves fairly small ventures could be far-reaching.

**Attempts**

More significant in the long-term, however, may be the supermarkets' attempts to increase their sales of non-food lines and to open larger stores. Sainsbury, which is Britain's second largest supermarket group after Tesco, is now experimenting with a limited range of non-grocery items while both groups have joined the cut-price petrol war in the north of England.

The reasoning behind this move into non-foods is twofold. On the one hand it is a way-out of the grocery market which has a history of basically static demand and on the other hand it offers a higher level of gross profit than food. It is also seen as a way of getting more men shoppers into supermarkets. The problem is that to compete successfully with the specialist non-food operators, the supermarkets have to offer a reasonable range in any one category of goods and this in turn means larger stores. And, here the stores come up against one of the biggest stumbling blocks to future growth in the business: the attitude of the planning authorities to supermarkets or anything else which remotely resembles the dreaded "hypermarket".

All the major supermarket

ident that they had made their point. But nothing much has happened since then to indicate that the confidence was well placed.

Though the superstore developers argue that the opening of such stores does not harm existing shops, there is little doubt that a relaxation in the planning authorities' attitudes would give a boost to sales of the big groups. The Co-op's share of the total grocery market, for example, has already benefited from its relative success in getting planning permission for large developments while part of Tesco's gain is also attributable to its larger stores.

In 1975 the multiple sector managed to increase its share of the total grocery market, as monitored by Nielsen, to 48.9 per cent. The losers in this situation were the independent stores and it seems likely that this will continue for some years to come as the smaller independent stores are squeezed by rising costs and the multiples' increasingly competitive prices.

The question must be whether the existing major supermarket names will remain to reap the benefits from this larger share of the grocery market. While some of the big groups closed shops in 1975, there were no large mergers apart from Fine Fare's acquisition of the 47 Downsway stores. That is not to say, however, that a number of quite well known names would not have been happy to merge had a buyer come along with the right price.

lobbying vigorously for the past three years to get a change in this attitude and the feeling is that it is at last beginning to make headway. Grocery leaders left a recent meeting with officials from the Departments of Environment and Prices and the Ministry of Agriculture con-

tinuing to argue that the present intense level for much longer some of these less well-known chains may have to reduce their asking prices or ease their way out of the business by selling their stores in small lots.

**Elinor Goodman**

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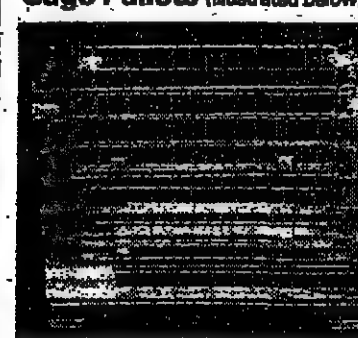
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## GROCERY RETAILING III

## Cash and carry difficulties

It was a bad one for the cash and carry industry and like being little the decade up to the industry. Whole have been closed down. The fact that the great majority have survived is largely due to the fact that this industry is now dominated by a few large groups—Nurdin and Peacock; Trademart (part of the VG Group); Valuecentre (Spar); Keenost (Mace); National Food Distributors; Landmark; and Makro—which can carry loss making outlets. In fact six groups account for sales of £870m.

Another factor has been the willingness of certain cash and carries to broaden their market by allowing in members of the general public. AGB figures show that 1.5 per cent. of its consumers questioned claim to have bought their merchandise from cash and carries, and suppliers such as Pedigree Petfoods have estimated that 30 per cent. of its turnover through the depots goes to immediate consumers rather than for resale.

## Agreements

Of course, cash and carries are breaking their planning agreements by supplying housewives but they have the fairly reasonable excuse that it is impossible always to distinguish between the shopper who can legitimately use a cash and carry card because she runs a boarding house and one that is buying on her own and friends, account.

The legal position of cash and carries is under a cloud since a Government reference last year which seemed to suggest that the depots were warehouses and could not actually trade. This could affect the granting by local authorities of planning permits for new depots. But the current depression in the industry is reflected by the fact that only one new depot, from Nurdin and Peacock, has been started in the past year, and the actual number in operation has declined from over 600 to nearer 550. A week by week

battle to survive is concerning the industry far more than future controversies over their legal position.

One way for cash and carry companies to survive is by rationalisation. A few depots have been closed down, and more will go in forthcoming months, but the possibilities for large-scale mergers are limited by the size of the dominant groups. Earlier this month, however, as a sign of the times, five wholesaling companies merged their buying strengths to form an over £200m-a-year operation, including Keenost as the largest in the country.

The main participants were Alliance, with 46 depots, and Warriner and Mason with over 40. Three regional companies bring the total depots involved to 104, around a fifth of the national total. The companies keep their financial independence but will co-operate on buying in the expectation of getting better deals from manufacturers. They will also form a national chain with advantages for promotions. So the new grouping, to be known as National Food Distributor, should be able to offer keener prices and more eye-catching promotions to retail customers, who increasingly shop around the local cash and carries for the best bargains.

Price is important but it is not everything. Nurdin and Peacock, the family-controlled public company which is market leader with annual sales of around £135m., attributes its profitability as much to ensuring that it is always well stocked with the key lines as much as its competitive prices. Makro, the Dutch-owned operation, which this year aims for £100m. sales from just six depots, is successful because its easy access to Dutch cash enables it to maintain stock levels while competitors have been cutting down on their inventory to save money.

Makro still stands apart from the conventional cash and carries on being almost as much involved with non-foods as with traditional grocery lines. This year, in fact, the traditional

food business is roaring ahead, the independent grocers will but still 45 per cent. of Makro turnover is in the better margined electrical goods, DIY lines, household textiles, etc. Makro is able to carry a wide range of such lines because its depots cover 100,000 square feet, and more. The older cash and carries face a bleak future because they are not large enough to offer all the crucial grocery lines and the higher profit goods. In addition many grocery dominated cash and carries have neither the experience nor the staff to make a good showing in non-food markets.

There is little likelihood that way as they increased the size to their symbol group retailers,

and operating cash and carries as well. If they try to push up the size of their drop to retail members and get them instead to use the associated cash and carry for day-to-day supplies there is always the danger that they may prefer to shop around. So the issue is fudged and the major symbol groups keep their cash and carry companies at arm's length from their symbol group deliveries.

But even if cash and carry faces a difficult period it is still quite an achievement for the traditional wholesalers to adapt to changing conditions that they have managed to be in the fore of the new distribution set up. The old style wholesaler, delivering to retail customers, scarcely exists outside of the most remote parts of the country and in specialist lines. But wholesalers survive as more diverse operations, linked to other businesses, to keep the small retailer in business despite the keener price competition from the national and regional multiple groups.

Antony Thorncroft

## Summer

The situation was complicated by the long hot summer. The weather gave soft drinks a big lift—overcoming the effect of price rises—but it helped depress sales of canned soups which were in any case under attack from the new "box" variety. Meanwhile, the lower birth rate led to a further decline in the baby foods' market.

But the main factor at work was the housewife's desire to take the edge off inflation. Armed with an increasingly inflexible shopping list, she shopped around more (though recent research has suggested that this phenomena is passed its peak).

What was surprising was that own brands did not benefit more from this spirit of bargain-hunting. Trading down in times of economy would traditionally be associated with significant growth of private label brands. But, according to the AGB research, the share of market held by private label in over 30 product fields actually declined in the second half of 1975 as a result of manufacturers' promotional activity offering consumers' better value. Similarly, giant sizes might have been expected to benefit from the consumers' search for "value for money" but in fact this generally does not seem to have happened.

The fact that the housewife did not react to inflation in an entirely predictable way in itself added to the problems of retailers who were generally operating on lower stock levels last year than would have been considered anywhere near adequate three years ago. But the basic problem was simply the overall decline in volume which meant that if retailers were to increase their own turnover, they had to take sales from their competitors. The price-cutting which resulted from this bid for extra volume meant that shopping around could be a rewarding—if tiring, and sometimes counter-productive—exercise.

Elinor Goodman

## Decline in sales

THE HEART of the grocery industry's problems in the last year have not been the much attacked Price Code but the basic question of sales. For the past 15 years or so, food volume has been more or less static with troughs and peaks of not much more than 1 per cent. either way. But in 1975 sales through food shops fell by 2.5 per cent.—their biggest fall since at least 1961.

The fall was, of course, masked by inflation. Sterling sales went ahead consistently, showing a gain of around 20 per cent. throughout 1975—but the gain was illusory. The increases did not, in most cases, keep pace with inflation. Whereas in 1974 there had been a marginal improvement in volume in comparison with the previous year, volume dropped away dramatically after the first few months of 1975. On a seasonally adjusted basis, sales volume through food shops in the third quarter was 5 per cent. below that of a year earlier, and some 2 per cent. below the average level achieved in 1971. The fourth quarter showed a

marginal improvement as housewives loosened their belts for Christmas but even so volume was 3 per cent. down on the fourth quarter of 1974.

The Government statistics do not monitor grocery shops as such—only sales through "food shops" but figures from Audits and Great Britain relating to the sales of major grocery lines suggest that by the beginning of 1976 volume was running at around 5 per cent. lower than a year earlier.

## Aggravated

It was not a question of people eating less: merely a bad case of down trading. The markets which suffered most were generally either those where prices had risen fastest or those where more expensive products could be substituted by cheaper ones without rocking the family diet. The situation was probably aggravated by the housewife following the retailers' own example and living off the large harder stocks she had built up in 1974 when she was scared of

further shortages along the lines of the sugar crisis.

Sales of cakes, whose price had been sent rocketing by the sugar price explosion, dropped sharply while confectionery sales fell by 9.4 per cent.—the biggest fall in volume since the war. The consumption of sugar also fell by around 13 per cent. while bread consumption continued its steady decline despite the fact that the consumer was cushioned from the effect of price rises by Government food subsidies. Sales of frozen foods, which had a history of almost uninterrupted growth throughout the 1960s plateaued in spite of the introduction of a number of new products accompanied by heavy advertising.

Perhaps the most spectacular decline came in the field of "skillet dinners." The market, which had been pioneered at great expense by a number of companies in 1974, virtually disappeared in 1975 as housewives took the view that these prepared dishes, to which meat had to be added, were a false economy. According to the

There were, of course, excep-

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Ocean Spray Cranberry Sauce	Duff Gordon "El Cid" Sherry	Noxell Corporation "Cover Girl" Cosmetics
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## We promised a check—we delivered a freeze

When the Government launched its price restraint scheme in February, Spar backed it wholeheartedly by introducing its own Spar Price Check—pledging to keep prices within a 5% increase for six months on a range of 33 important own label grocery lines, over and above the Government's list.

In fact, only one of these Spar lines has risen, and four have actually been reduced. More of a price freeze than a check.

And not only that. The Spar Amazing Savings campaign (products at prices that probably can't be bettered anywhere), together with the list of 450 Spar Own Brands, means real help to the housewife whose purse is under pressure in these difficult days.



Is anyone else doing as much?



## The most important, effective and continuous promotional device ever offered to retailers

### Green Shield stamps—the guaranteed way to get price-cut value!

And that means price-cut value for all concerned. You can see for yourself how the customer and the retailer both benefit. On average, for every £1 the retailer pays to Green Shield for his stamps, at least £1's worth of Green Shield gifts are given to his customers.

The retailer pays for the cost of the

stamps from profit on a vastly increased turnover, because the public like part of their discount in the form of trading stamps. The Stamp Company makes its trading profit by buying merchandise at bulk prices, direct from manufacturers, and by a highly efficient warehousing and distribution operation.

#### Facts to set you thinking

1. Green Shield Stamps are saved by 24 million people in the U.K. That's 68% of the working population.
2. Since 1958 Green Shield have distributed over 120 million gifts.
3. On average, 50,000 gifts are handed to Green Shield savers every day.
4. Over 4,000 people work for Green Shield, the all-British, largest trading stamp company in Europe.
5. Green Shield stamps cover over £2,000 million worth of retail turnover.
6. Over 25,000 supermarkets, shops and garages give Green Shield stamps.
7. In 1975 our turnover exceeded £65 million.

#### Thinking big

Green Shield stamps played a major role in the launching of Britain's biggest hypermarket, opened recently by Tesco at Irlam in Lancashire.

Tesco at Irlam is the first hypermarket in Britain to give trading stamps.

So shoppers at Irlam save two ways: with the special value of hypermarket prices and the extra discount of Green Shield stamps.

#### Our service is a fact

1. 89 gift houses throughout Great Britain serve Green Shield savers during the shopping week.
2. The Green Shield warehouse at Daventry has a storage capacity of 28 million cubic feet and is one of the largest single-storey warehouses in Europe.
3. There is a choice of over 1,200 items in the Green Shield catalogue.
4. Every item of Green Shield merchandise is backed by an unconditional Golden Guarantee of satisfaction.
5. The merchandise illustrated in our catalogue includes many famous household names.
6. 12 million Green Shield catalogues will be printed and given away free in 1976.



THE GREEN SHIELD TRADING STAMP COMPANY LIMITED

## GROCERY RETAILING IV

# Voluntary groups fight hard

SELLING GROCERIES is a business in which it is necessary to pay attention to an increasing number of factors, such as motorway construction, fashion, the size of the housewife's purse, and convenience, as well as the price of petrol.

The voluntary organisations represent an attempt to promote grocery sales through family-type businesses, by offering them certain economies of scale. The essence of the group is centred on convenience.

The movement in petrol prices since 1973 is central to the economics of pricing in many businesses. Transport costs are an overhead for most. In the case of the location of the shopping place, nevertheless, times that are convenient, and

without loss of time or having to arrange for a baby-sitter.

A housewife with several children to look after, for instance, does not always find it convenient to go even a few hundred yards to shop. And if she is at work, she may not always find it easy to shop in ordinary shopping hours.

### Evening

In many areas it is now possible to find a local shop open until late in the evening. Many of these shopkeepers are members of a voluntary group. The willingness of this new wave of shopkeepers to open their shops for relatively long hours, however, goes hand in hand with

their willingness to offer services in other ways. For instance, in one area of London at least, old age pensioners and disabled people who find it difficult to go out shopping can now get their groceries, for a total bill of £1 or more, delivered to their doorstep by such a shop.

But the essence of the voluntary group is not the simple one of its being a convenience store that is able to sell its goods at a slightly higher price than the supermarket or hypermarket. The essence of the voluntary group shop is that it should be able to offer both convenience and a competitive price.

The economy of scale that may be achieved by grouping together of individual grocers brings forward the ability to compete on price. So does the point that individual grocers may occupy sites that are not prime in a rating sense, and may thus suffer less heavily than others from the sharp rise in rates imposed by local councils in recent years.

A. C. Nielsen, the market research company, reports that the share of grocery turnover taken by co-operatives rose to 13.7 per cent in 1975, from 13.2 per cent in 1971, that of multiples (10 or more branches) rose to 48.9 per cent, from 44.3 per cent, while that of independents fell to 37.4 per cent, from 42.5 per cent.

The voluntary groups, however, should not be associated with the declining trend in independent grocers' turnover from such a development. For this reason some of the big multiple groups are now relatively strong position and in terms of annual turnover they themselves at their own central warehouses and then delivering them to the stores.

But though the search for economies may result in some friction between manufacturers and retailers, at the end of the day both sides have the same aim: to maintain adequate supplies in the shops. The fact that the definition of "adequate supplies" has changed over the years is itself an indication of the pressure on cash. How much further this cost saving exercise can go without lowering the standard or service offered to the consumer remains to be seen but, if the specialist distribution companies are to be believed, the British grocery industry still has a long way to go before it can claim to be distributing its goods with maximum efficiency.

Even now, they say, many companies have no idea of even the total cost of their distribution in relation to sales—let alone which areas of the country, or which products, are costing them most to service.

Elmor Goodman

### Promotion

Nielsen, if further evidence of the scale of operations of the voluntary groups is required, has produced a figure of some 18 per cent for voluntary groups (displaying

symbols) share of retail grocery sales in Great Britain in 1975. An example of the way in which membership of a voluntary group can be advantageous to an independent grocer is a VG, one of the big three of movement, is planning to spend £140,000 on promotion over fortnight from May 19, will cover television, Press, point of sale, etc. Although the local Press and point of sale promotions may be a slightly higher price than the dived equally encompassed by supermarket or hypermarket.

Again, there is the case of promotional activity such as Spar's recent decision to support the Government's scheme of selective price restraint (which includes limiting to a 5 per cent increase in certain grocery lines for six months from mid-February). Spar has been able to add the Government's scheme of its own, including a number of its own brands of goods.

"Own brands" have been a developing feature of the voluntary groups' movement. VG, instance, has seen its own brand lines rise to some 250, from last year and 184 in 1974.

Promotion of one kind or another is vital to the success of the voluntary group movement, though not, perhaps, in this sense as important. And kinds of promotion vary from group to group. To take an example, Mace year chose a price-cutting motion campaign, rather than such things as competitions in-store attractions.

On the promotional front way in which campaigns are run is clearly something that varies from group to group time to time. But whatever said about buying in advance, according to members of many groups, and about promotional backing, their aim remains convenience.

Donald Mac

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Just a small display. That's all you need to make money with Biltons popular tableware. Excitingly attractive designs. Colourful carry-home packs. Tins, tins, and shelf-filler packs. Compact display stands.

**BILTONS** tableware Ltd. Biltons Tableware Limited, London Road, ST4 5BH, England. Tel: 0782 45584 (7 lines) Telex: 31000

# The largest voluntary retail group in the U.K.

# Mace

At 5,000 stores up and down the country, Mace offer housewives bargain prices, fortnightly promotions and good friendly service. All backed by national advertising. Shouldn't your products be on our shelves?

When Brokers I was first fourteen ago, we li contrib making price of g products. Today worth of f tionery or manufact Marke merchand



## GROCERY RETAILING V

# Superstores fight for acceptance

TIME COMES to marketing history in 1976. It seems the emergence of the superstore will be seen as one of the most important events of the decade. Just as the early seeds laid for a revolution in the late 1960s, 1970s may well be the time when the superstore is laid down for good. A seminal process, down as Wednesday, 28, 1975, when at least one official from the Department of the Environment, in a meeting with industry leaders, civil servants and the public, discussed the question of policy on the development of superstores. The development of superstores has been a long process, but a new could do much to stimulate in which claims on super-

er the turnover of (broadly defined) over 50,000 square space all on one (shopped-out) shopping areas) (developments 000 square feet or more level) (searly in green) (very small. Only) (per cent. of food) (ugh this type of) (the moment, there) (part of this figure) (significantly within) (eade. To restrict) (of superstores into) (d, however, in) (most supermarket) (deny the shoppers) (of what is essen) (al development of) (wards larger, more) (as which has been) (ce the 1980s. It) (seem to go against) (ment's declared) (ing to keep prices) (er it can.

Superstores cannot, however, be viewed solely in the context of offering the shopper value for money. Environmental and social considerations obviously have to be taken into account. And it is here that the problems arise. The problems are manifested on two levels. At one end of the scale, local authorities tend to see such developments as a threat both to existing shops and to the rates revenue. In some cases they also argue that the land could be better used in some other way, while the fact that superstores have such a large catchment area often increases the problems by involving more than one local planning authority.

At the other end of the scale is the attitude of central government. The 1973 Planning Control Note No. 13 on out-of-town shops and shopping centres laid down that any proposed development of over 50,000 square feet in selling area was to be automatically called in by the Department of the Environment for scrutiny. In theory each application is treated on its own merits and there is no bias against such applications. But retailers argue that the slow rate at which applications for hypermarkets have been granted is itself evidence of the negative attitude held by Government towards such developments.

No one could criticise grocery leaders for failing to put their case forward. Hardly a week goes by without the head of one of the multiple groups urging the Government to adopt a more positive approach towards large stores. Last month, for example, Mr. Arthur Sugden, chief executive officer of the Cooperative Wholesale Society, rounded on both central government and local planning authorities, and accused them of adopting an "ostrich-like" attitude towards such developments.

Local authority planners, he said, "had been guilty of misin-

terpretation and muddled thinking" over the Government advice on superstore developments. The attack was all the more notable not only because of the Co-operative movement's traditional links with the Labour Party but also because the Co-op, while firmly entrenched in the High Street, has had more success in getting the go-ahead for superstores from local authorities than many publicly quoted companies.

The argument put forward for superstores is basically that big stores are cheaper to run than smaller stores, and stores in off-centre locations with cheaper rental and rate bills are cheaper to run than stores in the middle of town. This means that the operator can offer the shopper lower prices than in a traditional supermarket.

The case was spelt out in con-

siderable detail at the meeting in January between officials from the Departments of Prices and the Environment and the Ministry of Agriculture and executives from the Co-op, Tesco and Carrefour. The grocery leaders argued that if change was held up, the price of food would rise substantially and the potential benefit to the future would be endangered. As it was, they said, unnecessary delays which were adding to costs, were being caused by the cumbersome nature of the present system.

What was needed, they declared, was a clear lead to be given by Government. If the progress of the retail trade was to be sustained, central government must indicate to retailers precisely what it expected, and explain its attitude towards retailing as an integrated part

of the manufacturing and distributive process.

Specifically they asked that in considering appeal cases on hypermarkets and superstores, the DoE should take account of the broad economic arguments in favour of such developments. Inspectors' report, they said, should clearly bring out the factors behind their decision, and every effort should be made to speed up the existing procedure. A maximum time limit of, say, 42 days should be laid down for objections by local authorities, for example.

The officials said, in their turn, that while it had to be recognised that the divisions of responsibility between central and local government were laid down by law, the Department of the Environment was "very willing" to consider any ideas for speeding up the system. They also accepted that it was of great importance to continue to make the most economic use of resources in retail distribution and that there was a growing body of evidence in support of the view that hypermarkets and superstores produced economic advantages in terms of lower prices.

But the most encouraging fact to emerge from this meeting was the officials' recognition of the need to revise Policy Note No. 13 with a view to giving due weight to the economic considerations involved.

Meanwhile there are signs that some local planning authorities are beginning to adopt a more positive approach towards superstores. To some extent this may be a reflection of the economic situation, which is forcing local authorities to look outside for more help in financing urban renewal schemes. Asda, for example, has had considerable success in getting the go-ahead to build superstores within new district centres, while Tesco is also looking at the question of going into district centres.

Indeed, for the foreseeable future, it may well be that more superstores are built within existing towns—like the new Fine Fare department store at Hyde—than on out-of-town sites. "Hypermarket" has become an emotive word and retailers have to some extent been hoisted on their own petard. The stress on the need to build ever larger stores has created a mental picture in some people's minds of green fields being disfigured by vast peepglass monsters. In fact, as the retailers have themselves pointed out, there is a good deal of waste land—either within existing town centres or on the fringe of them—which could be used for retail developments without destroying the environment.

Elinor Goodman

## Marketing techniques

FROM A marketing viewpoint perhaps the most remarkable development of recent years has been the emergence of retail groups as major advertisers. Nine of the top ten advertising grocery advertising will become even more prominent.

Between them the local branches of the Co-op and the national operation invested over £5m. on TV and Press advertising alone, and Fine Fare is credited with an expenditure of £1.78m.

Between 1969 and 1974, according to Advertising Association figures, retailing as a whole increased its share of total advertising expenditure by 80 per cent. to 14.9 per cent. of the total, and last year it was one of the few sectors to show a real volume gain.

All the signs are that retailers, and in particular grocery retailers, are even more active in 1976—and so they should be. For a Nielsen survey points out that grocers in Europe, especially those in the

more advanced countries, like Sweden, the Netherlands, Switzerland and Germany, all spend much more on advertising than British grocers. There is consequently every likelihood that grocery advertising will become even more prominent.

But while the grocery retailers have discovered advertising, and linked their fortunes to the sophisticated packaged goods agencies, the traditional clients of such agencies, the manufacturers of packaged goods, have reduced their advertising budgets, at least in volume terms. There are signs that they are spending more again in 1976 but whereas ten years ago packaged goods advertisers of the Unilever, Procter and Gamble, Cadbury Schweppes, Pedigree Petfoods level, were responsible for over 80 per cent. of all TV expenditure, currently their share is around 60 per cent.

Many companies reduced, or froze, their advertising monies because they wanted to save cash in the short term to help their liquidity problems. The financial situation is easier now, and some of the extra advertising of recent months has had its impact in higher sales, so there is a disposition to invest more heavily in 1976, both to support the new products again appearing, and to hold market share in an increasingly competitive fight for turnover, which is not likely to rise in many product categories.

Pressures But if manufacturers marked time on display advertising last year they were still forced by the pressures of the market place to spend cash below the line. Most of this investment went to help retailers as much as consumers in the form of lower prices—the strong position of the major multiples (where six companies, Allied Suppliers, Asda, Fine Fare, In-

ternational, Sainsbury, and Tesco, account for a third of the £7,500m. spent in British grocers in 1975) ensures that in every price cut it is the manufacturer who bears the bulk of the reduced profit margin.

HIM, the research company, estimates that £425m. was given away in price reductions in 1975, as against £350m. a year previously. In all HIM arrives at a figure of £267.5m. for below-the-line expenditure last year which means that, for the first time, it exceeded manufacturers' display advertising.

Apart from price cutting, £185m. was spent in advertising the price reductions in the Press and on television (a sum to which suppliers once again contributed generously): £85m. went on display material, while trading stamps are judged to be a £110m. investment. The other forms of promotion are comparatively small beer—£23m. went into product sales force

and trade incentives; £15m. into sponsorship; £12m. in money-off coupons; £8m. in gift coupons; £7m. in free mail in premiums. Even an intrusive form of promotion like self liquidating premiums is only valued at £3m. in 1975, a 100 per cent. reduction.

Just as retailers' advertising concentrates on price so manufacturers' promotions also stress price. Promotion 73, the MS Surveys annual report on the number and type of promotions, reveals that direct price promotions accounted for well over a half of all the 9,637 promotions it monitored last year, in itself a rise of 13.7 per cent. Of these 6,435 went through grocery outlets.

MS Surveys reckons there were 3,669 reduced price offers in 1975, a gain of almost one-third. Coupon offers resisted an even sharper expansion, by 47.5 per cent. to 1,617. Couponing is more popular to consumers than actual price cuts because they seem to hold a tangible saving in their hands, but the extra cost of coupons, and the fact that not all retailers are keen on handling them, means that when the fight for sales got really tough in the latter part of the year (and there was no real growth in the grocery market in 1975) it was the price reduction that encouraged by the competitive situation between the larger multiples, which came to the fore.

For all the data produced by HIM, which suggests that shoppers do not like the barrage of short-term price promotions because it confuses their idea of value, retailers remain enamoured to this form of building turnover—perhaps because manufacturers bear the brunt of the expense.

HIM has persuaded one of its clients, a leading soft drink manufacturer, to negotiate with its major grocery customers alternative promotions to the blanket special price offer. One solution that HIM is playing with is a voucher for purchasers of certain brands which enables them to spend 50p on a range of items in the store. The aim is to get away from "3p off" campaigns when only a minority know what the usual price is, and just 40 per cent. of shoppers are aware that in "3p off" flash packs, the saving has already been made—the majority of shoppers think the retailer is going to make the reduction at the check-out.

The one form of promotion not linked directly to price which did well last year was trading stamps. Shoppers started to like them more and to collect them assiduously, encouraged by the generous stamp offers being

made by parages for petrol purchases. (over 60 per cent. of shoppers collect stamps and over a half now express a liking for them. For the other promotions companies in 1975, and the first part of 1976, have been a tough time, although competitions showed a 12 per cent. gain to 780, as companies viewed extravagant prizes as an eye-catching device in a depressing period.

One promotion in tune with the times was the Persil Pay Packet, created by Marden Kane, which offered consumers cash in return for buying Persil and other products, not all made by Unilever. This promotion typifies retail marketing in the current climate—by covering other brands Unilever pooled the cost of the exercise: it was advertised to the tune of £40,000; and consumers could double the cash they received if they proved that all the products had been bought at the same shop. In this way Lever Bros. won the support of grocers.

### Reluctant

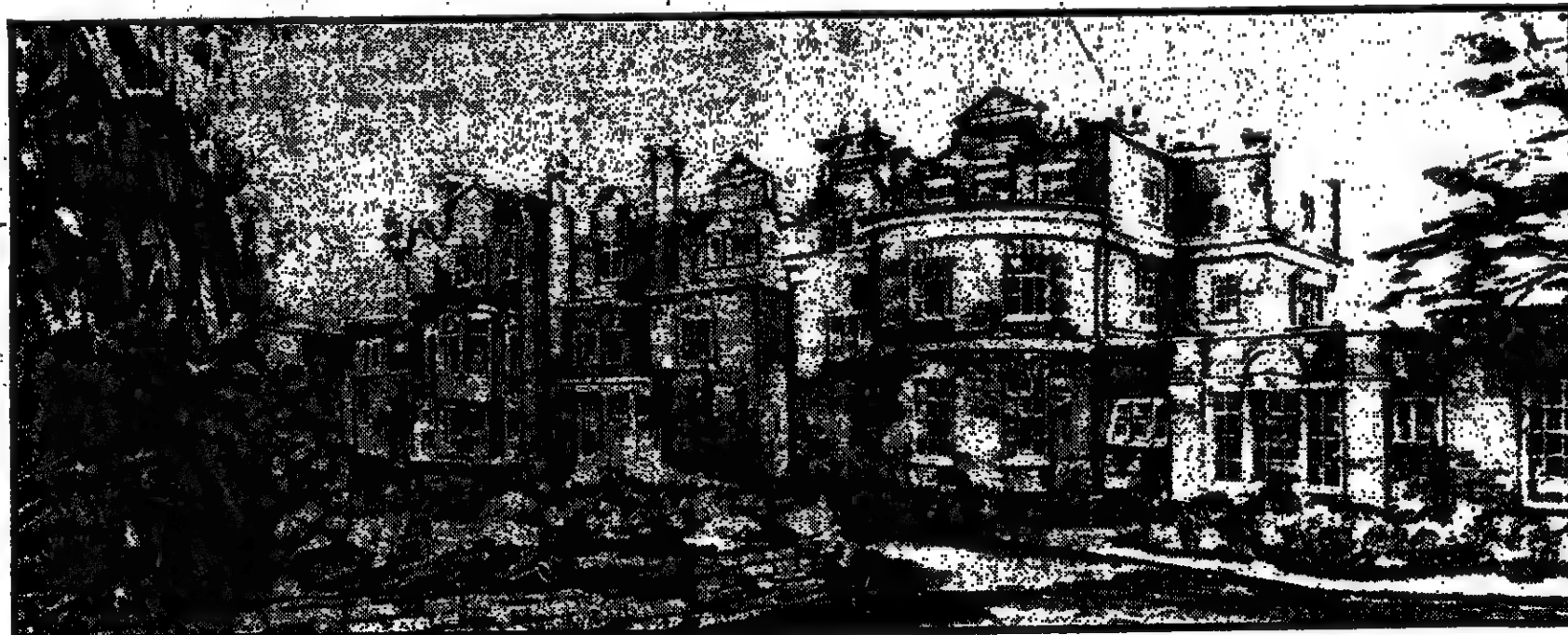
It is rather odd that the majority of retailers are reluctant to follow the policy of the two most successful grocery groups of recent years, Asda and Sainsbury, and cut down on promotions and razamatazz in the stores. Asda does not even go in for price promotions, but just offers all its merchandise at the lowest possible price, a policy now being copied by Keymarkets and Fine Fare in some of their stores.

There has certainly been rationalisation in promotions and attempts to co-ordinate national campaigns and measure their effectiveness, but there is still much haphazard marketing, and very little research into the net profit gained from all the effort and disturbance. And it has still to be proved that look alike price advertising is the best way for the multiples to lure shoppers into their supermarkets.

Image advertising, attempting to create a warm appeal for the stores, could be a more effective long term approach. With competition so fierce few major retailers seem prepared to take risks, and while manufacturers are willing to put up most of the cash, there is little incentive why they should. But with grocery manufacturers now starting to worry about the condition of their brands, and building up display advertising again they may be less inclined in 1976 to put money into promotions for dubious rewards.

Antony Thorncroft

# Our place in the country.



When Food Brokers Limited was first created fourteen years ago, we little realised the scale of the contribution we would soon be making towards keeping down the price of grocery and confectionery products.

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## Cc

## Campaign

It also brought some stores seen an equally significant surge

Add several of the powerful Northern co-operative societies

## Pioneers

## Pioneers

independent discounting sector point to more mergers this year. Only recently, the Midlands based Rosgill Holdings group sold their 11 store Moneysave operation to another Midlands discounter for the nominal sum of £1. Moneysave had lost £234,000 in the half year up to

and frugal fittings, and ends with that all important competitive pricing policy. Meanwhile, Asda, who several years ago

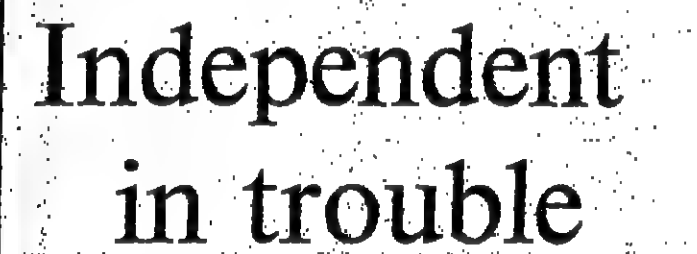
Asda has eliminated the use of licensees within their superstores, with the exception of some specialists and those pro-

operator, William Morrison of Bradford, took a significant step recently when it opened a 4,000 square foot specialist non-foods

store operators are keenly eager for trade elsewhere in the U.K. The only cloud on the horizon for many of the

## Aggressive

themselves in their counties, several of the Northern discounters and store operators are eagerly for trade elsewhere in the U.K. The only cloud on the horizon for many of the that apparent reluctant some Southern area authorities to grant permission to the "aggressive" superstore men and disco from up the -41-



In addition to the array of competition he faces, there is also the increasing legislative burden which the small businessman in general faces and the weight of these pressures can be measured by the statistics on the grocery market. According to Department of Trade statistics, the turnover increase of independents—that is, those, other than co-operatives and multiples—with 100 branches or more—was 12.8 per cent last year. However, given that the total rise in food prices in the period rose more in percentage terms, a fall in sales volume for this sector is indicated. Furthermore, this

## Flexibility

Of course, it used I argued that with a sma even fairly large indepe grocery business a family operate it with consid flexibility, taking time of or less when they wanted concentrating on the ty business they wished know for. That it was tained was the perk enjoyed was thus wor work required. There more are now doubtin advantage, not only beca the pressures already tioned, but also beca sation such as Value Add has made them incre part time workers and collectors for the Govern.

Moreover, as one groce mented, even the tradi perks like being able to car on the business now like becoming the target Chancellor of the Erch

## Disadvantage

One of the most obvious reasons an independent seems to be on a hiding to nothing is that he is at a singular disadvantage over buying his stocks at prices customers can afford. Unless he links with a cash-and-carry to get price advantages he is unlikely to get them elsewhere. Any attempts to buy one or two products in bulk to attract custom with discounts always runs the risk of the crocer being left with large amounts of unsaleable goods.

Another factor is that with promotions of various kinds often being the key to sales an independent is unlikely to be able to afford or even give his rivals to this sort of exercise. Unless he has links with a cash-and-carry or some type of trade association with their ready-

One of the ways in which some independents attempt to sidestep the mainstre competition was to spec and this trend also saw a lot of people coming in trade for the first time opening up, for example, catessen shops. But this seems to have had a rather casualty rate, probably because of the fact that the public has come increasingly to price snobs about food and all cause "amateurs" have come victims of their ignorance. Specialising in catessen food is difficult only because buying of stock becomes a skill and is becoming more difficult with water manufacturers cutting "luxury" lines, but all cause there is very high in delicatessen foods.

But if this is a high-

CONTINUED ON NEXT PAGE

## How would you like to face this lot without air conditioning?

The most robust sales assistant would quail at the prospect.  
 So would the most robust customer.  
 Sale time or not, a hot foetid atmosphere is *not* conducive to good business. Tempers get lost.  
 So do sales.  
 There's a simple solution.  
 Install air conditioning.  
 What an air conditioning system can do is to draw the hot air out of a room, cool it, de-humidify and filter it, and feed it back in, fresh and clean.

The result? Sane staff who sell more. Cool customers who buy more.  
In short, better profits.  
If you'd like some information about air conditioning systems, about which kind might suit you best, an idea of how much the chosen system would cost to run and install, ring Bernard Hough on 01-834 8828.  
Or write to him at the Air Conditioning Advisory Bureau, 30 Millbank, London SW1P4RD.  
Or get in touch with your Electricity Board.

# FRESH ELECTRIC

**The Electricity Council, England and Wales**

CONTINUED ON NEXT PAGE



# Companies cautious on automation

UK counterparts in ever, has been an inability to come up with an internationally compatible article numbering system, an essential ingredient in any total system which must deal with similar goods from widely differing sources. In settling upon such a code for themselves, European countries have had to explore various options, including those inherent in the systems already in use in France, Germany and the U.S.

An ad hoc committee representing 12 European nations are sound reasons has been at work on this problem for several years. Only held up in Europe. This month, reports Mr. Brian French of Sainsbury, was "the high has also been concept for a European Article Numbering (EAN) system (share of U.S. super- around 20 per cent. It is expected to be fully automated in the countries concerned, and it is likely to be many months after that before retail in this and much progress is made towards international acceptance

or implementation through the introduction of the necessary new hardware.

Again, economic conditions in Europe could mean that most grocery retailers may be by-passed by even the second generation of automatic checkout and stock control equipment, some of which is already replacing that installed less than a decade ago in the U.S. European supermarket executives have in any case been made cautious by events in the U.S.

## Checkout

Industry projections in the U.S. had called for some 1,000 stores to be fully fitted with computerised checkout systems this year. The National Association of Food Chains some time ago predicted that by 1980 an estimated 8,000 supermarkets (20 per cent. of the nation's total) should have become fully automated. The Association has not so far revised that prediction, in spite of the fact that to date only 51 stores across the country have begun making full use of automated equipment and in face of a guess by an Association spokesman that only 150 more stores will install such equipment within the next year. The expected rapid expansion in this field has been slowed both by last year's recession problems and by adverse reactions from the public.

What upsets both consumer activists and labour groups in the U.S. is the feature of the American automated system which "suppresses" prices. What happens is that manufacturers fix a printed product code number sticker to each package. This consists of ten digits, five of which identify the manufacturer, and five of which identify the particular product. This "mixed" code is made up of vertical bars arranged in a pattern to represent numbers. The code is designed to be read by a hand-held or fixed-position electronic scanning device, not the human eye. Employed to their fullest, this scanner and the computer to which it is

attached can provide stock control information for the store as well as a printed receipt for the customer, showing what has been purchased and the unit price. When they use such a printed code, retailers do not have to bother with fixing unit price stickers to individual packages. All that they need to do is fix a single price indicator on a shelf-facing adjacent to each product.

This bar code does not have to replace price stickers; it can supplement them. But the extra expenses involved in obtaining and employing what with the new system have become redundant labels reduces by some 20 per cent. the savings that can be realised in fully-automated situations.

When they have invested \$77,000-\$100,000 for an average eight checkout lane system, retailers are particularly anxious that they should get the greatest possible savings. Consumers, on the other hand, are more likely to insist on seeing unit prices displayed on packs so they can seek out their own savings by comparison shopping. Retailers might counter this argument by pointing out that unless they are able to make full use of the automated system the shoppers' savings will be less in the long run.

This conflict of interests is not a new one in the U.S., nor is it likely to be easily resolved. The Ad Hoc Council for European Article Numbering has been keeping a close eye on developments in the U.S. and elsewhere, but, in the main, it has concentrated on solving Europe's more immediate problems. First of all, it had to agree that a European Article Numbering system is feasible, and that the system should, ideally, be compatible with that of the U.S.

It was discovered that the existing French GENCOOD system and Germany's EAN code could be incorporated in what appeared to be the most suitable system for Europe. Then came the bigger job of



An NCR supermarket-scanning system which checks the code on items as they are passed through the check-out counter.

deciding how many digits the EAN needed. One problem was that some countries wanted to place more information in the code. Another centred on the fact that the cost of implementation goes up with each additional digit because of the need for more computer storage capacity. In the end a compromise was reached, and it was agreed that a 13-digit code would be the standard. Significantly, this code can be made compatible with the one in use in the U.S.

A remaining problem for individual companies within the various European countries is making existing coding systems compatible with the European code. At least ten major

multiple store operators in the U.K. are already experimenting with various computer linked terminals at the checkout. Elsewhere steps have been taken to implement automated systems now ready for the "automation revolution" in U.K. supermarkets. Most of these are country's representatives on the multinational concerns which have gained a great deal of experience in America. Several of them have been laying the groundwork with potential customers wherever and to whatever extent they and their group and on the domestic customers feel immediate needs towards total automation in European supermarkets will come too quickly. Investment costs are quite high, and only companies entering the super-

market automation field at all interests, a new trade association has been formed. Called the Article Numbering Association (U.K.), it was established recently by, among others, this country's representatives on the European Ad Hoc Committee. A membership drive planned for around the end of May will involve circularising virtually everyone even remotely connected with the manufacturing, packaging and marketing of retail goods as well as everyone concerned in the associated automation equipment manufacturing, supplying and servicing businesses.

## Costs

Neither the Ad Hoc Committee, as a whole nor the U.K. steering committee, which has clients here, and installing equipment wherever and to whatever extent they and their group and on the domestic customers feel immediate needs towards total automation in European supermarkets will come too quickly. Investment costs are quite high, and only companies entering the super-

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Douglas Harris

## dependents

FROM PREVIOUS PAGE

lecture, it does not it cannot earn the profits necessary to pay for extra staff to cover such things as longer holidays he is not surprised that any grocer quit and, for a large independent business, go into the safety of Food and Drink the civil service.

As a member of the Large Independent Grocers Organisation, he finds that he can compete with the advantage of the organisation being offered by manufacturers the same terms as given to multiples. And he feels he survives also by specialisation with farmhouse English cheeses and cutting his own bacon. None the less, he still feels the outlook is such that "I would be fairly unhappy at the thought of my two sons following on from me."

Nicholas Leslie

# "The Co-op share of packaged grocery trade is twice as big as its next two biggest competitors combined"

(Source:TCA)

So the Co-op is not just your largest customer, market.

The Co-op is the most cost-effective sampling opportunity available to any manufacturer. And it's why.

1. One in every two of all housewives shops at Co-op at least once in every two weeks - a 14% rise in the last three years. (Source: Gordon & Sons Grocery Trade Index 1972, 44%; 1975, 50%)

2. The Co-op share of food trade has increased over year in every month in the last three years, in 1976 it looks like doing so again! (Source: Department of Trade Business Monitor, Jan/Feb. 1975, 13.3%; Feb. 1976 14%)

3. The Co-op share of all grocery trade continues to grow. (Source: Department of Trade Business Monitor, Co-op share Feb. 1975, 16.1%; Feb 1976, 16.6%)

4. The Co-op dominates packaged grocery trade with a 20% market share. For most manufacturers in many TV areas, one in four packs depends for its sale on the Co-op. (Source:TCA)

5. The Co-op is No. 1 in nearly every area. In the South, as in the London TV area for example the Co-op has shown phenomenal growth - the London share of over 18% is now only just below the Co-op national average. (Source:TCA)

6. Nearly half of all young housewives shop at the Co-op. (Source: Gordon & Sons Grocery Trade Index, 42% of housewives in the 25-35 age group)

7. The Co-op delivers more of everybody. More AB's, more younger shoppers, more shoppers from larger households. And the numbers are growing year by year. (Source:TGI)

8. The Co-op is Britain's only truly national retailer with over 7000 food stores, stretching from North Scotland through England and Wales. It is Britain's biggest butcher, biggest milkman, and biggest farmer too.

With its hypermarkets, superstores, supermarkets and neighbourhood shops, the Co-op is Britain's most successful retail food business. It is a market as large as a major TV area, and merits the same marketing attention.

## It's all at your Co-op now!



An announcement by the Co-operative Wholesale Society Limited, on behalf of the Co-operative Movement.



# Co-op revival

THE REVIVAL in the fortunes of the Co-operative movement after a long period of continual decline has been a major feature of the retailing scene over the past couple of years. In 1975, the turnover of Co-operative stores of all sorts increased by 23 per cent, according to Government statistics, a bigger rise than notched up by any other retailing sector. The multiples, for example, recorded a sales growth of 21 per cent, department stores one of 19 per cent, and independents and mail order businesses one of 17 per cent. It was the first year for a long time that Co-ops had led the field.

The improvement does not appear to be a mere flash in the pan, either. In January this year, the Co-operative movement, remained on in front with a 22 per cent sales rise on 12 months before against the multiples' 16 per cent, and a similar figure for independents and mail order businesses, and the department stores' 15 per cent.

As far as shares of retail trade are concerned, the movement's own figures suggest that the Co-op accounted for 7.2 per cent of overall sales in 1975 against 7 per cent in 1974 and 6.9 per cent, the previous year. The rises may be small, but the fact that there are rises at all is of the greatest importance for a movement which has suffered so much in the past two decades (in 1957, Co-ops accounted for 11.9 per cent of all retail sales).

On the grocery side, the improvement has been even more marked. In the first two months of the year, according to the latest Department of Industry statistics, the Co-op's market share there was 16.6 per cent (14 per cent for all food) against 16.1 per cent (13.3 per cent for all food) a year before.

The movement's share of grocery sales may have been 30 per cent in 1961. But it was only 13 per cent by 1972 (with the multiples' share up from 27 per cent in 1961 to 44.4 per cent). Last year, by contrast, the Co-op increased its grocery sales by 24.7 per cent, according to the latest Nielsen Grocery Review, and that in a year when overall grocery sales were up

by only 20.8 per cent, in value terms (a rise which, of course, is largely accounted for by inflation's ravages).

Thus, the Co-op may still have a long way to climb before it regains its old position in retailing. But it does genuinely appear to be on the way up again. A major factor behind the turnaround is clearly the long, difficult, and at times, acutely painful process of rationalisation that the movement may have pioneered the self-service concept, but it had been left way behind in the retailing revolution that characterised the 1950s. As the supermarket took over from the small grocery store and the multiple groups began to present their bright, breezy image to the housewife, the typical Co-operative store stayed much as it had been.

For the Co-operative movement may have pioneered the self-service concept, but it had been left way behind in the retailing revolution that characterised the 1950s. As the supermarket took over from the small grocery store and the multiple groups began to present their bright, breezy image to the housewife, the typical Co-operative store stayed much as it had been.

## Split

On top of this, there was a lack of uniformity. While the Co-operative movement may have been one entity, its retail trading was split up between over 1,000 independent societies, all members of the Co-operative Union, the movement's central co-ordinating and decision-making body, but all free to go their own way when it came to detailed trading policies. Promotional activity was obviously limited in potential as a result: equally important, the majority of societies lacked the funds to modernise their outlets to match the moves of the rapidly emerging retailing giants.

Thus, the change in retailing techniques that started in the 1950s passed much of the Co-op movement by until a decade later, after trade had suffered savagely, when the Co-operative Wholesale Society, then functioning only in England and Wales, began taking a more active and interventionist role in the affairs of the retail societies which collectively owned it. It was the CWS which spearheaded the so-called Operation Facelift programme under which stores have been

modernised, 12,000 smaller outlets closed, and modern marketing and promotional techniques (including the ending of the old dividend system by a majority of retail societies and its replacement by dividend stamps which, for all Co-operative stalwarts may argue to the contrary, are to most shoppers indistinguishable from the trading stamps of various hues offered by other retailing groups).

CWS cash was used to make the changes possible: the parlous financial state of some retail societies and the acute, if not terminal, problems of others made them essential.

But it was not without a lot of heart searching, stemming from the ambivalent position of the Co-operative movement as both a trading organisation and an ideal. This is why, in any conventional sense, the Co-op always appears weak alongside its competitors when profitability is looked at: unlike a conventional trading organisation the maximisation of profits is not its aim. One of the things that is very much its aim is consumer democracy, now almost a trite phrase often used without real meaning but something which is at the essence of Co-operation.

Co-op customers own the movement's shops—indeed, they own the movement and should, in theory, control it. But the larger the trading unit—that is, the retail society—the harder it is for the consumer, in the shape of the Co-op member, to exercise control. And this is why the road to greater economic efficiency through a rationalisation programme clearly necessary from any strictly financial assessment of the Co-operative movement's plight has proved such an emotive subject and so difficult to implement.

Thus, it was in 1964 that the Co-operative Congress, the movement's annual parliament, first decided that one single national body was needed to direct Co-op trading policies. Three years ago, the CWS did merge with its until then quite separate Scottish counterpart, a major step along the path to such a body, but this was very much a forced marriage as a result of the Scottish Society's

banking arm's disastrous involvement in the money markets. And one body in the sense envisaged in 1964 and three times since then is still not in sight and the subject, slightly different form (that is, merger between the CWS and the Union), is again on the agenda for this Whitson's congress.

Likewise, it was in 1968 that the movement's first regional plan, envisaging the eventual creation of 50 or fewer retail societies compared with the 600 existing then, was drawn up: two or more successful societies and it is two years since a second regional plan, aiming at 25 retail societies, was agreed with a larger society taking on. Some giant regional societies

have been established with a great deal of success notably the North Eastern Co-op. And the embryos of others are in existence, one of the latest being the Greater Lancastria Co-op formed six months ago with the merger of Blackburn, Bolton and Wigan and Lancastria Co-ops. Overall, the number of societies has been reduced to some 220. But the pace of mergers has slowed significantly, and most of those that have taken place have not been from a position of strength—two or more successful societies combining to become even stronger—but from weakness. 25 retail societies, was agreed with a larger society taking on. Some giant regional societies

and often struggling neighbours generally have less money to spend, are Co-ops. Nonetheless, it is significant that over half the movement's total trade is accounted for by just 16 retail Co-ops, a temporary one.

Thus, the movement clearly still has a lot of problems. It may know the answers, as shown in repeated Congress resolutions, but, as repeated Congress debates have shown that have been made are immense, and they are paying dividends. And it has not just been a matter of catching up with what its rivals have already done. In the 1950s, it was the supermarket which heralded a new era for the retail trade. The Co-op by and large missed out. In the 1970s, it could well be the so-called "superstore", variously defined but basically accepted as an outlet with 25,000 square feet or more of shopping area (though after 50,000 square feet it becomes a hypermarket), all or most of it on one floor. And here the Co-op is in the forefront of change.

Of 83 existing U.K. superstores, 11 or 12.25 per cent are Co-ops. Of another 44 planned to open by 1977, 13, or 29.55 per

cent, are Co-ops. This is not only keeping Co-op competitive in terms of matching its competitors' assets in this area but is attracting a different kind of customer to Co-op shopping. According to recent CWS survey of Co-op superstores, 65 per cent of the customers were under 45 compared with an average of 38 per cent for all superstores. In addition, the average age of Co-op customers was 34, compared with 38 for all superstores. Co-op customers tend to be older but to be so than the average. On whether those customers can be tempted to the more conventional Co-op the Co-op's long term revival probably depends. pendulum is again swinging the Co-op's favour, but the still much to do, even though much has been done, to train and increase momentum.

David Wa

## Boom in food broking

THE FOOD broking industry is booming. Food brokers are organisations that look after the marketing of a manufacturer's products, all the trends are away from food brokers can offer. For the survival of the traditional salesmen—the cost, the dominance of centrally negotiated sales deals between manufacturers and the big multiples: the stricter supervision on what individual outlets can stock—and food brokers provide a useful, flexible, alternative.

There are three major food brokers, Food Brokers Limited, Jenks Brothers and McCauls, along with companies that specialise in particular markets, such as Parrish and Fen which handles delicatessen lines. In the main the food brokers still look after rather peripheral products—brands for large American companies, reluctant to commit themselves fully to the U.K. market; products which are mainly sold by the clients' own sales team through the leading outlets while the brokers look after them in the less important retail sectors: new products, or brands which do not fit comfortably into a manufacturer's main marketing range.

But the rising expense of a salesman—it is estimated to cost almost £8,500 a year for a

company to keep one man on the road—has encouraged a wider range of manufacturers to take a closer look at what food brokers can offer. For the survival of the traditional salesmen—the cost, the dominance of centrally negotiated sales deals between manufacturers and the big multiples: the stricter supervision on what individual outlets can stock—and food brokers provide a useful, flexible, alternative.

The bulk of turnover, however, is still "special cases". Food Brokers, the largest firm in the industry, handling goods with a retail sales value of approaching £35m., has Ferrero as its largest client. Ferrero is one of Europe's leading confectionery companies and has been very successful in the U.K. with its Tic Tac range. It has not yet decided whether to manufacture here. So the goods are imported and Food Brokers look after all the distribution, working with a very small Ferrero marketing organisation which mainly supervises new products and the advertising. This year U.K. sales will be over £7m.

Jenks Brothers has a similar relationship with some leading

American companies, such as Standard Brands, Ralston Purina, and Schwartz spices, and last year pushed up its turnover by 38 per cent for products with a retail value of over £20m. McCauls relies on overseas companies for three-quarters of its turnover, in 2,500 firms and responsible for particular commodities imported from Australia and the U.S. This week it added Tree Tops squashes to its range.

It is rather surprising that the British food brokers have not grown more rapidly. Most of them retain their clients, and they manage to build up very satisfactory sales. In the U.S. food broking is an enormous industry, keeping busy around 2,500 firms and responsible for 60 per cent of the packaged grocery trade. Why are British companies so reluctant to use brokers?

In part it is an unwillingness on the part of marketing directors to do themselves out of a job. Then there is the feeling that the brokers might disturb the relationship between a manufacturer and the retail trade, although past experience suggests that the retailers are well promoted brand in grocery outlets, and for Kiwi, the boot polish makers, which was able to save on employing 35 salesmen by handing over its sales through grocers to Food Brokers. Another company to axe its sales team was Primula, charges through its linked ADL may be handling a high n the Gateshead based cheese warehouse operation. The 110 strong Food Brokers prefers to take title for its clients' goods at a special ably add such lines to its portfolio, increasing its bargaining power with the major retail multiples at the same time.

There is also the question of cost. Food Brokers operate on a percentage of turnover, 44 per cent for taking over the selling and another 31 per cent for administration, plus storage. Jenks Brothers, which is a specialist in the handling of special cases but at the same time, warrants attention and appreciation both retailers and manufacturers. arrived at over the cost accord-

ing to the contribution of food broker. A final fact that the brokers receive inquiries which they turn. They are reluctant to take just the problem brands. Perhaps the best test for food brokers is the 1 for their clients. Food 31 numbers Coca-Cola (in bottles), and Green Giant American major with U.K. of around £8m., among its fed clients. On top of already mentioned. Brothers works for pickles and Camp coffees. a selling 4.6m. cases. Me which has most of its bu on the continent and clai be the largest European broker, works for Plum: Melbourne, Sunwhite ric recently the Rakusen bri

While the bulk of the g trade is experiencing a in volume sales food in are recording real incre turnover for their clients are of special cases but at the same time, warrants attention and appreciation both retailers and manufacturers. arrived at over the cost accord-

Antony Thorn



**All the places where Fine Fare haven't built a hypermarket.**

On all the sites shown above you'll find not hypermarkets, but multi-departmental Fine Fare Superstores.

Fourteen are open already, with a further ten opening in the near future. And the biggest is enormous by any standards; 105,000 square feet.

Over the next few years, we plan to add many more Superstores to our list. Because as well as being easier to obtain permission for than hypermarkets, they give the housewife a better deal.

We're currently negotiating sites totalling 700,000 square feet in England and Scotland. And we shall continue to negotiate for favourable sites as they become available.

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**FINE FARE**

# Time for initiative

Fine Fare took the initiative 10 weeks ago and ran this advertisement.

Since then, we have opened at Hyde the largest single storey department store in the country.

And we have received planning permission at Arnold in Nottinghamshire, at Falkirk, and at Bearsden in Glasgow.

That's over 300,000 sq. ft. of initiative in 10 weeks.

**FINE FARE**



CS TO-DAY

BY DAVID WATT

# Thoughts about the sterling farrago

sen around long with truth, foreign exchange dealers are no more or less likely than any other class of people to be right. Foreigners can read, but unfortunately the judgment of the market is something else. It is something else with and take clever people can make advantage of it after a while with a gift of influence. But it is so difficult to be right. My own view is that in some ways the market has been far too pessimistic, and in others, not nearly pessimistic enough. In the short run, it has made assumptions which may be right but cannot be fully substantiated on available evidence. In the long run it has apparently become depressed by an underlying situation which has been in evidence for at least 30, and arguably for 100, years past and which is either being slowly remedied (in which case pessimism is out of place) or is not (in which case the pound should now be standing at \$1 or less).

## Inflation

Leaving aside technical factors such as differential interest rates, the national short-term rate for staying out of sterling is based upon the proposition that the British Government cannot reduce inflation to the level obtaining in the countries which are Britain's main trading partners. This in turn depends upon two subsidiary assumptions: that the Government's present policies could not conceivably do the trick; or that they might do the trick in theory, but that a Labour Government is incapable of carrying them out in the

rigorous way that would be required for success.

The first is largely a matter of faith and doctrine. The monetarist bandwagon is still rolling and the prevailing intellectual fashion is profoundly suspicious of Keynesian demand management, planning and incomes policy.

More persuasive still, however, are the assumptions which go to make up the belief that about what has gone wrong Mr. Healey, while trying no doubt to be "good," is bound to fail. In so far as this is clearly thought out, the charge-sheet is, presumably, as follows: (a) the "deal" with the mistic enough. In the short run, it has made assumptions which may be right but cannot be fully substantiated on available evidence. In the long run it has apparently become depressed by an underlying situation which has been in evidence for at least 30, and arguably for 100, years past and which is either being slowly remedied (in which case pessimism is out of place) or is not (in which case the pound should now be standing at \$1 or less).

Now it is quite possible that one or more of these derelictions will occur. But the first thing to be said is that the evidence such as it is suggests that not all of them are likely to do so. The experience of the last year does not make it certain that the unions will keep their bargain this year, but in my view the astonishing success of the £26 policy suggests that there is still a great deal of mileage in incomes policy, intelligently structured.

Similarly, the Government's ability to sell gifts in recent months does not necessarily mean that it will be able to go on doing the same in a less deflationary climate. The other two items are perhaps more doubtful still, but I see no reason to suppose that the Government could not survive further expenditure cuts providing they were skillfully directed. Finally, on the later public expenditure cuts I believe they will be adhered to—as they were, incidentally, in the 1968-70 period of Labour Government.



The date and rates are different, but the mood is the same. A Frankfurt dealer at the money exchange handles telephones as a record low for sterling is fixed for the day.

deflationary climate.

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Ah, say the objectors, but you must be agreed that a bank is right that all the Government's shots will come off, though they have failed so often before that we have a right to be sceptical. But the real trouble goes much deeper. None of our short-term doubts would worry us nearly so much if they did not occur against the hideous background of British industrial failure—the strikes and bickering, the

bad workmanship and unmet delivery dates, the class politics and the lack of will. Will Labour's policies do anything to cure this fearful sickness? Of course, they won't. And so, my dear friend, much though I regret it, I prefer to buy Deutsche Marks.

To this trade there can be all this into a rational debate about sterling is, therefore, pretty obvious. If the underlying situation is absolutely

thoughtful observers have been pointing to the evidence of Britain's comparative economic decline since at least the 1880s? We have been cursed in this country with a number of social and cultural legacies which have grievously hampered economic dynamism for years—and which are still, to a large extent, with us.

It does not require much special historical insight to identify the main causes of trouble. From the industrial revolution we have inherited an embattled working-class subculture, which we have not yet succeeded in absorbing into the totality of British life. From our imperial past we have inherited an educational system under which, until recently, far too many resources were concentrated on producing leaders for non-industrial tasks and far too few on improving the general intelligence and technical knowledge of the population at large.

These are not exactly new discoveries, as I say. Indeed, they have been the common-place fare of candid friends from abroad for almost as long as I can remember. They are very depressing. But two aspects of the matter stare one in the face. The first is that these are not difficulties which can possibly be overcome by one executive act or even by one Government. They must take decades to rectify. The second is that in their various ways all recent British governments have been trying to do something about them.

What is so odd about dragging this into a rational debate about sterling is, therefore, pretty obvious. If the underlying situation is absolutely

hopeless, why has nobody drawn the conclusion before? And ought they not to draw even more drastic conclusions today? If it is not hopeless, but will take a lot more effort to put right, why decide now that the waiting period is too long? A possible answer to this last question might be that a Labour Government, far from encouraging the most active members of society to put their energies behind industry, is actually making it even more certain that the best recipients of scarce educational resources will tend to go into non-industrial jobs. The squeeze on profits in the private sector, the freeze of managerial salaries, and the attack on managerial perks can all be said to under which, until recently, far too many resources were concentrated on producing leaders for non-industrial tasks and far too few on improving the general intelligence and technical knowledge of the population at large.

Whatever may be said about the present Government, it is at least tackling one of the fundamental problems—the attitude of working people to the rest of society. It has always been possible to bring back industrial workers to the fold in wartime at a pinch. But in peacetime fraternity has been rare indeed. When it has been achieved—as, perhaps, in the late 1950s, there has always been a relapse. Egalitarianism may have unpleasant side-effects: for one, no rabid leveller. But it is foolish to deny the possibility that beneficial practical effects will accrue to a society with our historical problems from the attempt to draw the most representative working class institutions into closer collaboration with the Government—even if it means paying a price.

## Letters to the Editor

### Finance

Robin.  
In 58 of the present 11, as presently imposed charges to impose charges which may foreclose.  
is where shares under an incentive charge to tax will this clause notwithstanding the Revenue's confirmation of approval of the benefits would for tax as income. case, which is the first, relates to the market price of the shares under the scheme. Where this is the case, the words "the liability for tax arises on the release of the shares" are not intended to prevent the Revenue and to have no profit is not meet a loss.

### Housing

Feldman.  
To Mr. Hansen's 241, it is worth at a council house to £20,000 to build, land. To service such a house, and cement and maintenance about £2,800. At this, the total cost £2,450 to the rate and tax-realm's way of cloudy issues of ce would be for to consider the presentation of an scheme.  
Lavon Road promoters provides the of the benefits from the council houses are to be four-year period 10m. before inflation's figures, the £11 bill for these £1,225,000, paid by taxpayer. It seems a shame that the message does not go to all members of pension schemes. I have had experience for a considerable number of years of the administration of pension fund investment and I have been appalled by the lack of responsibility of trustees. Most trustees who employ investment managers are just listeners. How many trustees could answer "yes" to the following questions?  
Do trustees realise that members hand over part of their earnings and give them discretion on the investment of their money? Are individual trustees able to inform members of the investment strategy and the results obtained? If trustees compare performance with other funds do they investigate the reasons why the comparison is either good or bad?  
Do trustees ensure that the guide lines are under constant review in case any change might be necessary in order to mark misgrowth? Do trustees ensure that investments in their portfolios are discussed with the investment managers at least

a capital profit. Local authorities could raise the remaining 50m. by a guaranteed capital profit of £2m. and would also take all the capital profit on these properties, when the remaining part of the equity was purchased or sold.  
Several hundred million pounds could be available to finance such schemes throughout the country, provided that an attractive capital profit could be assured after five years. The widespread use of equity sharing would represent a sensible and effective combination of private and municipal enterprise. It would enable more people to get a foot on the housing ladder, thereby ultimately promoting home ownership. Local authorities would be in a position to sell more council homes, to release more land for building from their existing stocks, and to reduce the crushing burden on their rate and tax payers.  
Basil Feldman.  
Housing Management Committee.  
County Hall,  
London, S.E.1.

### Marks & Spencer in Europe

From Mr. G. Clare.  
Sir—May I suggest that your headline (April 28) "Marks and Spencer's profits up despite £2.5m. loss in Europe" though true could be misleading and possibly dangerous.  
How many of our parish pump minds in the unions and in industry will conclude from it that Europe is no place for British business if even Marks and Spencer lose money there? Whatever the balance sheet may show, Marks and Spencer has not lost £2.5m. on the Continent. It has invested that sum in its business future in new and—let me say—highly rewarding markets. British business activity if it is to succeed in Continental markets must start with substantial investment.

This country has lost the captive markets of its past. Only through investment can it capture the new markets that will ensure that we all have a future.  
George Clare,  
Managing Director,  
Axel Springer Publishing Group,  
58, Jermyn Street, S.W.1.

### Trustees and pensions

From Mr. D. Parry.  
Sir—What an excellent article by Mr. Eric Short (April 24). It seems a shame that the message does not go to all members of pension schemes. I have had experience for a considerable number of years of the administration of pension fund investment and I have been appalled by the lack of responsibility of trustees. Most trustees who employ investment managers are just listeners. How many trustees could answer "yes" to the following questions?  
Do trustees realise that members hand over part of their earnings and give them discretion on the investment of their money? Are individual trustees able to inform members of the investment strategy and the results obtained? If trustees compare performance with other funds do they investigate the reasons why the comparison is either good or bad?  
Do trustees ensure that the guide lines are under constant review in case any change might be necessary in order to mark misgrowth? Do trustees ensure that investments in their portfolios are discussed with the investment managers at least

### Tax relief on mortgages

From Mr. R. Hadfield.  
Sir—Has it occurred to those who advocate the abolition of tax relief on mortgage interest that the revenue gain will almost certainly be cancelled by house buyers obtaining their relief by buying houses instead of shares or Government securities? No interest on dividends no tax to pay!  
Of course, as Mr. Brady implies (April 21) house owners could still be milked by re-investing schedule "A" but, for that, one does not need to abolish tax relief on mortgage interest. The economic arguments against abolishing interest rate relief are must surely be overwhelming—no, it simply puts another spanner in the works of capital markets whose increasing inelasticity accounts for much of the lack of investment and growth in our sickened economy.

Surely, if anything should be taxed, and it is arguable that it increases to legitimate accumulation of wealth have already diminished to vanishing point, it should be the ownership of the individual. The net worth of the individual would be the starting point. There is no logic in taxing the imputed rental value of owning a house while exempting the imputed satisfaction derived from owning a valuable painting, library, motor car or yacht.  
R. M. Hadfield,  
Rotham Road,  
Forest Road,  
Hastings, N. Hants, Essex.

### Rates and the owner-occupier

From Mr. W. Spicer.  
Sir—Mr. M. Brady (April 26) makes the point that owner-occupiers are not liable to income tax on the imputed rental value of the dwellings they occupy. While this is true, owner-occupiers must pay rates which are calculated by reference to the notional rental value of the property. This substantial burden is, of course, merely tax by another name, bearing as it does, in the main, little relation to specific services rendered to the householder.  
W. A. G. Spicer,  
c/o Montrose Gardens,  
Ozshott, Surrey.

### Production managers

From The Head, Department of Management, Manchester.  
Sir—During the past few months we have witnessed a flow of discussion concerned with the problems of the manufacturing industry and the need to recruit, educate and retain more production managers. Recently, prescriptions have been advanced which, in my opinion, reveal an almost total unawareness of production management problems, and the real problems of improving the quality and quantity of this provision.  
My concern is related to the requirements of industry, and the provision by, on the one

hand universities and business schools, and on the other, the division from the further education sector. Universities are rightly disturbed by the low number of students coming forward from first degree courses on production, a total of 250 in 1975 including 36 students from overseas hardly gives the universities and four polytechnics busy—a situation not improved by an insignificant contribution by the business community. On the other hand, if we consider courses in the FE sector specifically designed for industrial/production management we see a much healthier picture in terms of total numbers. For instance, one professional programme, Institution of Works Management, recruits some 2,800 students per year. If you supplement this with students enrolling on management services programmes we see another 2,000. If we wish to extend this further to students attending the advanced courses offered for the Institute of Production Control we can include another 1,000. The total number of students entering the field of production management either as potential managers or as economic arguments against abolishing interest rate relief are must surely be overwhelming—no, it simply puts another spanner in the works of capital markets whose increasing inelasticity accounts for much of the lack of investment and growth in our sickened economy.

If we, that is universities, polytechnics, further education colleges, professional bodies and the Department of Education and Science are genuinely concerned with the need to improve the quality of provision as distinct from merely extending the boundaries of knowledge and our own interests, then why don't we focus our attention towards the improvement of that is necessary (and would appear so from comparisons with other countries), of those courses which provide industry with the majority of students. The only way we can achieve higher rewards and higher status for an activity which we all consider as being the "Cinderella" of British industry is to ensure that the existing product is of a calibre comparable to that in other industrial societies.  
K. Swann,  
Manchester Polytechnic,  
Faculty of Management and Business,  
Department of Management,  
Hilton House, Hilton Street,  
Manchester.

### The place of banks

From Mr. W. Bartlett.  
Sir—As a sub-manager of one of the "big four" trust branches, I welcome Mr. Coyle's call for a debate on the function of banks in our society with particular emphasis on profits as their prime incentive (April 28). The difficulty is in determining the right balance of priorities which should exist between the duty owed by a bank to its shareholders on the one hand and its customers on the other, not to mention the service element in the conflict which must inevitably exist between profit and service could well be described as the Great Bank Dilemma.  
One of the ways to gauge the amount of importance which each individual bank attaches to the service element is to look at the degree of emphasis which it pays to such of its subsidiary services as investment management, tax and the administration of estates and trusts; these are essentially non-profitable services, or at the very least low-profit, but their continued existence is essential for the well

### Advance warning

From Mr. A. Kennard.  
Sir—I have studied the company results published in the Financial Times on the first publishing day following recent Bank Holidays, and this provides some confirmation for the view that companies with bad results choose a day which might result in less publicity in the Press.  
On Christmas Eve 1975, six companies reported a drop in profit, while only two showed gains, and one of these was virtually the same as the previous year. During Christmas week 15 companies reported lower profits, while only nine improved.  
Five companies reported on New Year's Eve; two reported lower profits and one a lower loss. On Maundy Thursday the score was more even; seven companies showed a decline in profits or moved into loss, while six reported improvements.  
This evidence suggests that if a company gives advance warning that the announcement will be made on the eve of a Bank Holiday, the figures are more likely to be poor.  
W. E. J. Kennard,  
20, Ringwood Avenue,  
Finchley, N.2.

### When fire made its mark

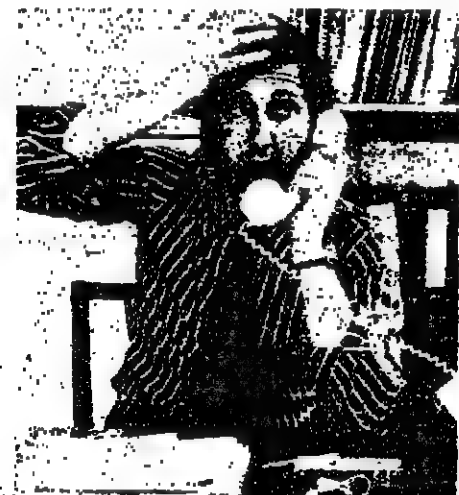
From The Architect,  
Sun Alliance and London Insurance Group.  
Sir—In your article (April 24) on insurance fire marks, you suggest various sources from which they may be obtained. We should like to warn would-be collectors that those of the Sun Fire Office numbered 22603, 242783, 328818, 425573, 494011, 669570 and 794011 circulate widely as copies, and any specimen bearing one of these numbers is unlikely to be genuine. A lead mark of that company should weigh between 12 and 14 lbs and the edge of the plate showing the number, should bend easily; most copies are too heavy and too rigid. The vendors nearly always act in complete good faith.  
W. E. J. Fuller,  
Sun Alliance and London Insurance Group,  
Bartholomew Lane, E.C.2.

## To-day's Events

GENERAL  
EEC Ministers for Social Affairs meet, Luxembourg.  
Mr. Ron Hayward, Labour Party General secretary, addresses Carlisle Labour Party.  
Mr. John Spink, Minister for Planning and Local Government, speaks at meeting of North Labour Party.  
Mr. Malcolm Rifkind, Opposition spokesman on Scottish affairs, addresses Glasgow University Conservative Association.  
Sir Henry Benson, adviser to the Governor, Bank of England, chairs Industrial Society lunch at which Society's director, Mr. John Garnett, speaks on "The Co-operation of the People in the

Creation of Wealth," Drapers' Hall, E.C.2.  
Financial Times two-day conference, New York World Financial Centre, New York City.  
Sir Lindsay Rigg, Lord Mayor of London, attends Farmers' Convention dinner, Mansion House, E.C.4.  
National Union of Journalists annual delegate meeting ends, Buxton, Derbyshire.  
Royal Society of Health congress ends, Eastbourne.  
PARLIAMENTARY BUSINESS  
House of Commons: Private Members' Bills.  
OFFICIAL STATISTICS  
Bricks and cement production (March).  
COMPANY RESULTS  
J. Hepworth and Son (half-year).  
COMPANY MEETINGS  
Central Wagon, Smethwick, 12.  
Dufay Bitumastic, Winchester House, E.C.2, at International Investment Trust, Winchester House, E.C.2, 230, Newey Group, Birmingham, 4, Oliver (George) Footwear, Braintree, Gloucester, 12.  
Scottish Television, Glasgow, 12.  
Spencer (George), Nottingham, 12.  
Stakis (Reo), Reifrey, 3.  
Tomatin Distillers, Mayfair Hotel, 12.15.  
United Guarantees, Winchester House, E.C.2, 12, Yule Catto, New Bond Street, W.12.

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# COMPANY NEWS + COMMENT

## Berry Wiggins better than expected

EXCEEDING expectations taxable profit of Berry Wiggins and Co. finished 1975 50.6m. higher at £1.38m., an improvement of 47 per cent. At halfway when reporting an advance from £553,000 to £792,000 the directors forecast profits of around £1.7m. for the full year.

Earnings for the year are up from 3.64p to 4.15p per 25p share and the dividend total is held at 1.925p with a final of 1.252p net, payable on the capital increased by the rights issue in October.

Chairman, Mr. P. Bristol, reports that the company's financial base is now in a very strong position with all capital equipment in KCA Drilling fully financed and the working capital requirements also healthy.

Total income from overseas countries, represents 60 per cent of earnings and more than half is in U.S. dollars and U.S. dollar progresses satisfactorily, he adds.

The company's interests lie in oil servicing and contracting.

1975	1974
Turnover	11,736
Group trading profit	1,883
Profit before tax	1,883
Tax	187
Profit after tax	1,696
Dividend	1,696
Reserves	1,696
Net profit	1,696
Minority interest	118
Extraordinary items	118
From general reserve	247
Attributable	247
Profit dividend	247
Ord. interest	247
Fina	247
Reserves	247

\* Less amortisation. † Book loss arising from the transactions with BP oil held at 14.57 £10,000. Provision for loss on projected sale of interest in Armer Oilfields £157,000. Consolidated adjustment for prior year £30,000.

**comment**

Berry Wiggins has undergone such a transformation in the last couple of years that any comparison between 1975 and 1974 figures is meaningless. However, last year's profits are 9 per cent ahead of the forecast in the October rights issue document and the share rise up on the results to 48p, where the yield is 6.2 per cent. All the group's profits now come from oil drilling on contract, last year it was operating on two contracts for the whole of the period and two more for roughly half of the year. In 1976, it will have the full benefits from these four, plus half a year's profit from its latest contract in Algeria. That points to a very substantial increase in earnings this year. The market's attitude to the shares has been understandably cautious since the change, one reason for this has been \$30m. of debt which the group has incurred on a conditional sale agreement with Natuf factors Hanover Leasing International, while another is that there is no similar operation in the U.K. or Europe with which to compare it. However, if the group can continue on its present rapid upward trend the shares could be in for a significant re-rating.

Company	Page	Col.	Company	Page	Col.
Berry Wiggins	26	1	Mayrads	28	2
Berger Jensen	29	1	McKechie Bros.	27	6
Border Breweries	29	2	Oxley Printing	28	7
B.P.	28	3	Pearson Longmay	28	5
Cable Trust	26	6	Pearson (S.)	28	4
Common Brothers	28	6	Perry (Harold)	26	4
Finlay Packaging	28	8	Reed & Smith	26	4
Flight Refuelling	28	7	Richards	28	3
Gerrard & National	27	7	Rotork	27	2
Hall (Matthew)	26	3	Safeguard Industrial	26	5
Henderson (P.C.)	26	2	Simpson (S.)	27	5
Higsons Brewery	27	3	Spencer Turner	33	4
Hoover	27	4	Tarmac	27	1
Horne Bros.	28	6	United Wire	28	8
Hoveringham Group	26	5	Whitman Reeve	27	8
L.K. Industrial	33	4	Wire & Plastic	26	6

## Henderson second half upturn

REFLECTING a record second half, profits before tax of the P.C. Henderson Group rose from £366,000 to £1.1m. in the year ended February 28, 1976, following the increase from £250,000 to £324,000 in the first six months.

Stated earnings per 10p share are up from 6.5p to 11.5p and a net final dividend of 2.27p makes a maximum permitted total of 3.546p compared with 3.282p previously.

The results of the group—makers of sliding door gear and garage and industrial doors—represent welcome progress towards establishing an acceptable return on capital employed, the directors say.

The group saw the full benefit in the second half from extensive measures taken over the past two years to control the growth of direct costs and to reduce overheads.

Substantial reductions in interest charges have been achieved from stringent control of capital expenditure and working capital which enabled the group virtually to eliminate debt by the end of the year.

A modest recovery in demand has taken place in the U.K. domestic market and the directors continue fully with the programme of U.K. and overseas developments.

**comment**

Henderson is now reaping the benefits of its stringent cost-cutting exercise over the past two years and this is reflected in the latest results, with a major portion accruing in the second half when pre-tax profits jumped 57 per cent. There was apparently some volume growth in the September-February period: turnover rose by 24 per cent. And the current year has seen a continuation of this recovery in demand, though very slowly, from the U.K. housebuilding sector as well as from the French and West German markets. Profits should also benefit from a further reduction in interest charges—last year they fell by nearly half to just over £100,000. The better than expected results saw the shares 9p higher at 50p, where the p/e is 4.3 and the yield 11.4 per cent, covered 3.2 times.

## Matthew Hall tops £2.7m.

TURNOVER OF Industrial engineers, etc., Matthew Hall and Co., expanded from £70.1m. to £113.9m. in 1975 and pre-tax profits advanced from £2.3m. to £2.7m.

At the nine-month stage, when profits were £1.32m. against £1.21m., the directors forecast full year profits of not less than £2.8m. The final dividend is 4.313p net, per 35p share lifting the total from 3.279p to 3.764p net.

The directors say that the mechanical and electrical services companies completed the year with record results despite the great difficulties confronting the construction industry and there has been a considerable increase in the engineering companies' profits.

**comment**

As anticipated, the second-half growth in Perry's profits was less than the interim advance of 33 per cent, but the full-year increase of 39 per cent. is up to expectations and the shares were 2p higher at 80p, where the yield 8 1/2 per cent, and the p/e is 5.5. Despite earlier moves to trim profit margins to within 10p to 12p and the fact that Perry ended the year with a gross profit excess of £130,000, and this year's first-quarter improvement in profits of only 44 per cent, reflects the company's attempt to reduce margins rather than any adverse sales trends. Indeed, after a year's absence from the market, many of the fleet operators have started buying again. Perry's two-fifths jump in new car sales so far. Combined with the continued pressure on Leyland to take over as market leader, it bodes well for the company, which shows signs of confidence, even though the supply of quality used cars is expected to decline and the ex-fleet models coming back are generally less profitable.

**comment**

Unencumbered by fixed-price contracts and with North Sea business showing no signs of

## Commercial side aids Perry

FOR 1975, a 29 per cent. increase in pre-tax profits from £1.01m. to a record £1.31m., is reported by Perry's Commercial Division. At halfway the rise was from £513,000 to £538,000. Yearly earnings per 25p share are shown to have risen from 10p to 12p and the dividend total is stepped up from 4.078125p to 4.4240625p with a final payment of 2.413125p net.

In a year of depressed demand for vehicles, the company increased new commercial vehicle sales by 13 per cent, more than balancing the drop in profits from new car sales which fell by 10 per cent. Group activities other than new vehicle sales provided 70 per cent of total profits compared with 63 per cent, demonstrating the strength of these ancillary profit sources.

In the first quarter of 1976 profits of £149,000 compare with £140,000. In contrast to last year, the group's sales of commercial vehicles are down by 22 per cent while new car sales are 39 per cent higher, reflecting the success of Ford's current range of cars. If the Government's wages policy can be implemented without industrial trouble in the car industry, the group's prospects for the rest of the year seem bright, the directors state.

**comment**

Although flattered by comparison with an exceptionally depressed period, Hoveringham's 1975 recovery—profits up 176 per cent—was enough to send the R.V. shares 5p higher yesterday to 32p. Volume was stronger throughout the year, but the main improvement appears to have come from the better margins (up from 10.8 per cent to 12.2 per cent.) which have resulted from a general tightening programme and an increased concentration of ready-made concrete. The group also reckons that it has increased its market share of both sand and gravel. Sales volume has remained steady so far in 1976 but the chances of any significant growth this year seem fairly remote, especially since the effects of currency devaluation on the sale of part of the holding in Electric Investment Trust and the admission of that company's issued share capital to the Official List of the Stock Exchange.

**comment**

Some recovery has been shown by Jamesons Chocolates in the second half, and profit for 1975 is £37,211, behind at £33,745. Earnings are shown at 8.5p (7p) per share and the dividend is 1.645p, with a final of 1.5p.

**comment**

Under the proposals to transfer the company's residence to Australia, a new holding company, called ANZ Group Holdings, has been incorporated in Victoria, held 51.7 per cent. Existing shareholders in ANZ Ordinary, Meeting, 5 upon-Avon, May 25, 1976, the new company denominated in Australian currency.

It is the intention that a number of directors from the existing Board should be appointed to the new company. Sir Ian McLennan, chairman of Broken Hill Pro-

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. div.	Total for year	Total last year
Anglo Scottish Inv. .... Int.	0.61	July 2	0.61	—	1.4
ANZ Bank .....	4.7	July 9	4.7	—	9.7
Berry Wiggins .....	1.38	June 8	1.38	—	1.98
Border Breweries .....	2.07	July 8	1.88	2.85	2.85
Common Bros. .... Int.	0.65	May 28	2	—	4.75
Callen's Stores .....	0.65	May 28	0.65	—	3.82
Dent Fowkes .....	1.54	—	1.54	—	1.4
Finlay Packaging .....	0.82	June 10	0.82	—	0.9
Flight Refuelling .....	1.37	July 1	1.44	2.82	2.13
Gerrard & National .....	10.3	June 18	9.23	12.3	12.18
Matthew Hall .....	4.35	July 1	3.97	5.28	5.28
Hoveringham .....	1.32	July 5	0.33	1.69	0.85
P.C. Henderson .....	2.28	July 1	1.99	3.55	3.55
Spencer Turner .....	0.67	June 4	0.67	—	3.67
Jamesons Chocolates .....	1.4	May 6	1.4	—	4.47
Mayrads .....	1.8	—	1.56	2.65	2.65
McKechie Bros. .... Int.	1.55(a)	June 8	4.6	—	15.77
Medimaster .....	0.53	June 4	1	—	3.55
Oxley Printing .....	0.53	—	0.53	—	0.54
Pearson Longmay .....	3.47	June 11	3.07	4.87	4.47
Pearson (S.) .....	4.14	June 11	3.69	5.54	5.09
Reed & Smith .....	2.41	July 1	2.19	4.42	4.08
Richards .....	0.2	—	1.09	1	2.39
Safeguard Industrial .....	0.3	—	0.18	—	0.84
Simpson (S.) .....	1.1(a)	June 18	0.7	—	2.8
Spencer Turner .....	1.31	July 2	1.21	—	2.8
Tarmac .....	7.39	—	7.39	—	7.39
Thomson T-Line .....	4.78	July 1	4.24	7.98*	7.24
United Wire .....	1.83	—	ND	3.25	2.63
Whitman Reeve .....	1.4	July 1	1.4	—	3.7
Wire & Plastic .....	1.81	—	1.81	—	3.04
Wire & Plastic .....	1.06	July 1	1.02*	1.56	1.62*

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) To reduce disparity,

## Hoveringham forecast beaten with £1.57m.

COMPARED WITH a forecast £1.29m., pre-tax profit of Hoveringham Group increased from £0.57m. to £1.57m. during 1975. The group's turnover rose from £1.2m. to £1.57m. in the first half.

Stated year-end earnings are 3.46p (1.04p) per 25p share and dividend total is the maximum permitted 1.693p net, compared with 1.335p, with a final of 1.318p.

The company operates quarries producing gravel, sand, limestone and gritstone.

**comment**

Although flattered by comparison with an exceptionally depressed period, Hoveringham's 1975 recovery—profits up 176 per cent—was enough to send the R.V. shares 5p higher yesterday to 32p. Volume was stronger throughout the year, but the main improvement appears to have come from the better margins (up from 10.8 per cent to 12.2 per cent.) which have resulted from a general tightening programme and an increased concentration of ready-made concrete. The group also reckons that it has increased its market share of both sand and gravel. Sales volume has remained steady so far in 1976 but the chances of any significant growth this year seem fairly remote, especially since the effects of currency devaluation on the sale of part of the holding in Electric Investment Trust and the admission of that company's issued share capital to the Official List of the Stock Exchange.

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## ISSUE NEWS

## ANZ domicile move raising £11.2m.

The Australia and New Zealand Banking Group is proposing to raise £11.2m. by a one-for-eleven rights issue at 35p per share. Also, the company announces operating profits before tax for the half year to March 31, of £11.23m. (£9.11m.) and an unchanged interim dividend of 4.1p per share. In addition ANZ Banking is releasing its proposals to transfer its residence and incorporation from the U.K. to Australia.

With regard to the rights, which involves the issue of 3,338,182 shares, the directors state that proceeds will increase the overall ratio of shareholders' funds to deposits and will be used for the continued development of the London business. The bank has, with the knowledge of the Australian authorities, agreed with the Bank of England that after the transfer of residence the proceeds of the rights together with existing shareholders' funds employed in London would not be converted out of sterling without the U.K. authorities' consent.

"They consider it would be in the best interests of the bank to transfer its residence to Australia having regard to its long-term plans for expansion there. Firstly there will be better access to the Australian capital market and the U.K. exchange control regulations will have less impact on movement of its funds. Also a substantial increase in Australian ownership is important as at present only some 5 per cent of the shares are held there and in New Zealand. Furthermore, development can best be assured, the directors feel, if its administrative headquarters is situated where the major part of its operations are carried on."

It is likely that in due course additional sums will be required to augment the capital base of the bank's operations in Australia and New Zealand. With this in mind the necessary steps for raising future capital through the Australian market are being given consideration.

The bank's half-year figures to March 31 show a 34 per cent. rise in group income to £11.23m. operating profits are 19.7 per cent. higher at £2.43m. and after interest, £1.23m. (1.02m.) other income £1.23m. (£1.02m.) the consolidated operating profit is shown at £1.23m., an increase of 23.3 per cent.

The directors state that banking profits, which did not include any dividends from Esanda, were of the same order as the corresponding period last year. Esanda experienced a 10 per cent. increase in profits. Trading conditions in the first half were better than had been anticipated, but monetary conditions for 1975 declined from 1974 to 1975. The dividend is 4.4p (3.9p) provisionally. The accounts show a 10 per cent. increase in profits over the year ended March 31, 1975 (£2.43m. against £2.19m.) and cash resources increased by £4,807,000. ANZ Group Holdings has been incorporated in Victoria, held 51.7 per cent. Existing shareholders in ANZ Ordinary, Meeting, 5 upon-Avon, May 25, 1976, the new company denominated in Australian currency.

It is the intention that a number of directors from the existing Board should be appointed to the new company. Sir Ian McLennan, chairman of Broken Hill Pro-

## Penrad—44.4% acceptance

Penrad's offer to shareholders of £203,000 of 10 per cent. convertible Redeemable Preference Shares of 25p. at par value part of the financial package announced last March to some £380,000 into the company, attracted acceptance for 44.4 per cent. of the issue. The issue was underwritten by Close Brothers, the banking subsidiary of London and W. Trust.

**ULTRAMAR—66%**

Ultramar announces that 15,322,772 7 per cent. Convertible Redeemable Preferred 25p. shares of £203,000, offered by way of a Rights Issue, have been taken up. The balance has been 5 per cent. of the Ordinary Shares. The net proceeds of the issue will be £1,000,000. The issue was underwritten by Close Brothers, the banking subsidiary of London and W. Trust.

## Abrasive International

Although the industrial sector now appears to be significant improvements expected to materialise in the current year, the accounts show a 10 per cent. increase in profits over the year ended March 31, 1975 (£2.43m. against £2.19m.) and cash resources increased by £4,807,000. ANZ Group Holdings has been incorporated in Victoria, held 51.7 per cent. Existing shareholders in ANZ Ordinary, Meeting, 5 upon-Avon, May 25, 1976, the new company denominated in Australian currency.

It is the intention that a number of directors from the existing Board should be appointed to the new company. Sir Ian McLennan, chairman of Broken Hill Pro-

## Gerrard & National DISCOUNT COMPANY LIMITED

## Preliminary Statement 29th April, 1976

Accounting period	Year ended April 30, 1976	Year at April 30
GROUP PROFIT after providing for taxation and interest transfer to inner reserves	£2,897,000	£2.1
PROPOSED FINAL DIVIDEND on each ordinary share of 25p	10.302p	10.302p
Already paid	3p	3p
Making a total of	13.302p (gross)	13.302p
Equivalent to	81.56% (gross)	74.22%
Amounts absorbed by preference dividend paid, and ordinary dividends paid and proposed	1,903	1,903
Transfer to General Reserve. £500,000 (1975 nil) has transferred to General Reserve from the inner reserve which now stands at a substantially higher figure than before.		
Script Issue. It is proposed that part of the reserves be capitalised by making an issue of one new ordinary share for each ordinary share held at the close of business on 17th, 1976. The Resolutions necessary to implement the issue and to increase the authorised share capital of the company will be proposed at the Annual General Meeting to be held on 17th, 1976. If approved, renounce certificates will be posted on Friday, June 25th, 1976. The new shares will not rank for the final dividend payable on June 18th, 1976.		
The proposed dividend is the maximum permitted current legislation.		

## HIGSONS BREWERY LIMITED

## INTERIM STATEMENT

Unaudited accounts of the Group for the 26 weeks ended 27th March 1976 are announced as follows—

	26 weeks to 27.3.76	26 weeks to 29.3.75	52 weeks to 27.3.75
Turnover—(External Sales excluding V.A.T.)	7,128,236	5,975,598	12,776,9
Trading Profit	463,493	511,977	1,273,7
Bank Interest	—	11,334	13,0
Investment Income	40,058	15,161	57,4
Profit on sales of investments and property	34,088	6,327	32,0
Group Profit before Tax	537,629	544,799	1,376,2
Less Corporation Tax @ 52%	270,000	291,000	681,2
Group Profit after Taxation	267,629	253,799	695,0

A net interim dividend on the Ordinary Stock of 0.87p per stock unit 25p amounting to £3,923 has been declared and will be paid on the 4 June 1976 (same as last year).

## S. Pearson & Son, Ltd.

## Preliminary Announcement of 1975 Results

Group Profit and Loss Account for the year ended 31st December

	1975	1974
Profit of the group before taxation	8000	2000
Deduct proportions attributable to:		
Minority interests	6,343	6,136
Periods prior to acquisition	2	13
Profit before taxation attributable to S. Pearson & Son Ltd.	18,774	14,288
Taxation thereon	10,468	7,884
Net profit attributable to S. Pearson & Son, Ltd. before extraordinary items	8,306	6,404
Extraordinary items less minority interests and taxation	3,638	8,728
Net surplus including extraordinary items	11,944	15,148
Dividends	17	17
Preference shares 3.6%	—	—
Ordinary shares	354	247
Interim 1.4p (1.4p)	—	—
Proposed final 4.142323p (3.691232p)	2,833	5,615
Surplus retained and added to:		
Capital reserves	3,640	9,163
Revenue reserves	5,130	2,807
	8,770	11,970
Earnings per ordinary share, before extraordinary items	12.17p	9.47p

**NOTES:**

1. Dividend The directors recommend a final ordinary dividend for the year to 31st December 1975 of 4.142323p per share which, together with the interim dividend paid of 1.4p, makes a total for the year of 5.542323p, the maximum permitted.

The proposed final dividend will be paid on 11th June 1976 to shareholders on the register at the close of business on 14th May 1976. The annual general meeting will be held on 4th June 1976.

2. Attributable profits before taxation Banking and financial services 6,956 2,874 Publishing 6,035 7,078 Industrial and commercial interests 4,764 5,110 North American interests 1,886 1,551

Deduct: Head office interest 2,513 2,380 Head office expenses 354 345

18,774 14,288

13,610 11,171

3,142 3,307

10,468 7,884

393 9,750

630 (2,471)

465 2,020

(1,158) —

3,577 (541)

(17) (53)

3,558 8,725

229,679 154,592



## McKechnie half year produces £5.25m.

# The British Petroleum Company Limited







AND DEALS

zards to buy  
VS Jersey bank

WALKER Securities, Ordinary or Preference shares, disposed of consider- the last six months, its Channel Islands, Slater Walker Lazard Brothers, the ant bank. a price-based on -could bring SWS 50m, allowing for the the Jersey concern's if be sold to a third 90,000. will also involve the to SWS of the 4m, which it has had with company. Altogether, the arrangement use cash resources of to it. said yesterday it was preference dividend, 31. The reason for current scrutiny by of the accountants' ch is certain to lead provisions in the 75 results against, outflow debts. decisions have been t the scale of pro- availability of and by Kode International from Newman Industries. Consideration is \$75,000 cash payable as to \$500,000 initial and \$175,000 over three years. Net assets of Moore Reed were \$543,000 at end-1975 and pre-tax profits for 1975 came to \$275,000. Walker (Jersey) is led Minden Securities, yesterday that it had Jersey three years ago, turned to take as broader and complete interests in the electrical and electronic industries. It will be the intention to develop and expand Moore Reed as an autonomous company within the K.I. Group.

**TALKS** Shareholders of Forum have been made to y which may lead to the outcome of these shareholders are ske no action. Forum's has risen by 4p to last two trading days.

**BAIRD** The Board of Bolands states by financial advisers, nng, are unanimously ing shareholders to r other of the Members shareholders should continue to a offers for their reject the offer.

down to £7.16m.

up the effects of creased capital, making a total of 3.5p against 3.7p. It will be paid addition in many areas 75 taxable profit of use and Nicholson, the facturing subsidiary of Hoechst or West declined 4 per cent. n to £7.16m. e of sales during the need 30 per cent, but was 5 per cent under 975 close control and eficiency by the com- he group has resulted improvement in the 1974 accounts, from £807,000 to £1,000,000. Extraordinary items in 1975 include exchange gains arising from the depreciation of sterling principally in relation to the Australian dollar whereas in 1974 there was a deduction from profit due to the devaluation of the Australian dollar.

Border Bws.

THE FORECAST of an improve- ment in second half pre-tax profit at Border Breweries (Wrexham) turns out to be up from £324,570 to £354,590 making a year-end total (to February 1976) of £733,890, compared with £537,570. Final dividend per 25p share is 2.08p net which gives a total of 4.852p, against 2.62p.

ST AND AGENCY COMPANY  
F AUSTRALASIA LIMITED

DIRECTORS: C. Michael Hughes (Chairman), C. J. Kirman (Managing Director), M. B. Barling, R. D. Guthrie, P. A. Revell-Smith

Table with 2 columns: Investment Name, Amount (£000)

largest investments, convertibles and all classes	
any one company being treated as one investment,	
lows:-	
Market Value	
at 31.12.75	
£'000	
2,498	
Wimpey	567
Transport and Trading	497
cape & Co.	475
re Investment Trust	453
troux Aktiebolaget	406
gia-Pacific Corporation	370
tes House Investment Trust	358
Electric & General Trust	349
ral Electric Co. Ltd.	338
J. Holdings	310
sh Petroleum	210
national Business Machines	178
ma Central Railway	167
rial Continental Gas	162
orp	150
tes Corporation	140
l & General Assurance	138
o-American Investment Trust	135
nesburg Consolidated Mines	129
co. Minsep	128

investments total £7,880,000 or 48.6 per cent. of the al dividend for 1975 was 3.90p per share compared per share for the previous year and represents : on a gross basis of 8.84 per cent. Earnings : 4.22p per share (4.12p per share) before crediting : alisation of investments or 7.44p per share (4.91p : after crediting such profit.

of the Report and Accounts can be obtained from ry, Winchester House, 77 London Wall, London

Ente Nazionale per l'Energia Elettrica (ENEL)

(Italian National Electric Energy Agency)

Guaranteed Floating Rate Loan Notes 1980

NOTICE IS HEREBY GIVEN, that pursuant to the Fiscal Agency Agreement dated May 27, 1970, there has been selected for redemption on May 28, 1976, through operation of the Sinking Fund, \$4,651,000 principal amount of Ente Nazionale per l'Energia Elettrica (ENEL) Guaranteed Floating Rate Loan Notes 1980. The following are the serial numbers of the Loan Notes which will be redeemed, in whole or in part:

26	1686	5488	3216	7180	8482	10414	11558	15552	16262	18892	19326	20372	22754	23264	23664	24606	26554	30254	33234	33626	35000	35333	37756	38982	40159	42100	43164	45342	47471	48435	49839	51952	52958
27	1736	5488	3216	7180	8476	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
28	1786	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
29	1836	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
30	1886	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
31	1936	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
32	1986	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
33	2036	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
34	2086	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
35	2136	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
36	2186	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
37	2236	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
38	2286	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
39	2336	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
40	2386	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
41	2436	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
42	2486	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
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45	2636	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
46	2686	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
47	2736	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
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54	3086	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
55	3136	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
56	3186	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
57	3236	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
58	3286	5488	3216	7180	8477	10414	11558	15553	16263	18893	19327	20373	22755	23265	23665	24607	26556	30255	33235	33627	35001	35335	37757	38983	40161	42101	43165	45343	47473	48436	49840	51954	52959
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# rice Commission report shows national recovery in profitability

INOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

evidence of a small but more marked recovery in the Price Commission's report for the three months to February 29. It showed that net margins in Britain's industries, expressed as a percentage of their reference levels, rose against 51.9 per cent. in the third quarter of 1975. In the fourth quarter of 1975, the net margins rose to 52.1 per cent. This means that category two margins in the three months to February 29 were standing at their highest level since the controls and means of the Price Commission were introduced in 1974. The net margins of all reporting distributors rose from a low of 51.8 per cent. of refer-

ence levels in the third quarter to 52.1 per cent. in the fourth quarter, this was a fall on the fourth quarter of 1975 when distributors' net margins were standing at 52.6 per cent. of their ceilings.

The rise between the third and fourth quarters last year probably was almost entirely due to seasonal factors. Had it not been for the effect of Christmas, net margins in retailing would still have been very low reflecting the fact that for distributors the 52.6 head wages policy did not represent a significant slowing down in the rate of wage inflation.

Under the Price Code, distributors are controlled on two levels. Like manufacturers they have to keep within specified net profit ceilings but, because they do not have to notify the Price Commission of individual price rises, they are also controlled on their gross margins.

These gross margins hovered around 91 per cent. of their reference levels in the last nine months of 1975 and, having shown a small recovery in the third quarter of 1975, they dropped back to 91.8 per cent. of their ceilings in the fourth quarter of 1975. Even so, they were still fractionally above the figure reached in the fourth quarter of 1974.

Net profit margins among Britain's largest manufacturing and service companies—category one companies—dropped sharply in the third quarter of 1975.

1974 and since then have been running at about 62 per cent. of their reference levels.

In the second quarter of last year they showed a small rise and increased to 58.7 per cent. of their profit ceilings. But, at the time these figures were published, the Price Commission said it thought this increase was nothing more than a "hiccup."

Yesterday, however, Sir Arthur Cockfield, chairman of the Price Commission, said there was reason to believe that the improvement in the fourth quarter might be sustained.

## Breakdown

Productivity and output were showing signs of recovery while the 55 wages policy also is beginning to have a beneficial effect on net margins, he said.

These fourth quarter figures, however, are only provisional and, as the revised figures for the third quarter of last year show, are subject to change. The Price Commission also published yesterday a table which shows the variable performance of different sectors which until now have been bracketed together in the commission's reports.

Taking a sample of food and drink companies, which on average achieved 80.5 per cent. of their reference levels in the third quarter last year, for example, it can be seen that while brewers were trading at 100.8

per cent. of their profit ceilings, sugar manufacturers were operating at only around half their reference levels.

Similarly, while all the engineering, car manufacturers and metal companies in the sample were trading at an average of 58.7 per cent. of their reference levels in the third quarter of 1975, car manufacturers were making a loss. Expressed as a percentage of their reference levels, their margins were minus 17.5 per cent.

The Price Commission is expected to publish a similar breakdown of sectors in its next report for the fourth quarter's figures.

But even given the broad classifications used in yesterday's report, it is possible to see wide variations of performance.

While, for example, average net margins for all category one companies rose to 53.9 per cent. of their reference levels in the fourth quarter, oil companies' net margins fell back to 13.3 per cent.

Similarly, among distributors, the motor and fuel retailers' net margins dropped to only 24.4 per cent. of their profit ceilings in the last quarter against 48.2 per cent. in the previous three months, reflecting intensive price cutting which has been carried out by garages over the last few months.

Price Commission: Report for the period December 1, 1975 to February 29, 1976; HMSO; £1.

	1973		1974		1975		1975	
	4th qtr.	(final)	4th qtr.	(final)	3rd qtr.	(final)	3rd qtr.	(final)

## MARGINS AS A PERCENTAGE OF REFERENCE LEVELS

	1973		1974		1975		1975	
	4th qtr.	(final)	4th qtr.	(final)	3rd qtr.	(final)	3rd qtr.	(final)

INDUSTRY AND SERVICE ENTERPRISES								
alcohol & metals	76.5	65.1	68.3	75.9	57.4			
textiles	55.6	4.0	54.5	54.2	13.3			
engineering	68.5	54.0	36.9	42.8	60.4			
chemicals	71.9	50.9	45.2	48.9	54.4			
drugs	61.3	40.3	59.0	67.2	43.5			
services	71.4	50.3	46.2	50.0	53.9			
retail & services	45.0	54.7	49.7	51.9	58.9			
food & drink	90.7	91.5	94.4	94.0	96.3			
alcohol	91.5	92.1	93.1	93.1	96.4			
drugs	94.2	95.3	95.0	94.2	94.3			
drugs	97.0	93.4	93.2	93.7	93.7			
drugs	92.2	91.7	94.8	94.6	94.6			
drugs	96.7	90.9	94.1	94.0	93.0			
drugs	95.1	91.6	92.3	93.0	91.8			
drugs	84.0	48.3	45.3	52.4	61.0			
drugs	78.5	44.6	35.1	40.9	41.8			
drugs	108.3	98.0	98.4	95.2	75.9			
drugs	106.8	99.0	92.6	97.8	94.1			
drugs	92.3	53.0	46.5	47.6	63.3			
drugs	35.5	39.9	33.3	48.2	24.4			
drugs	94.5	77.6	45.7	51.8	72.1			

## MARGINS AS A PERCENTAGE OF REFERENCE LEVELS FOR SAMPLES OF LARGE MANUFACTURING ENTERPRISES

	1974		1975		1975	
	3rd qtr.	3rd qtr.	3rd qtr.	3rd qtr.	3rd qtr.	3rd qtr.

alcohol, baking, manufacture of	7	94.8	100.8			
alcohol	5	61.2	98.7			
alcohol	8	45.2	48.9			
alcohol	3	83.6	58.9			
alcohol	5	98.7	55.3			
alcohol	12	41.1	51.7			
alcohol	40	66.0	86.5			
alcohol	39	57.6	31.7			
alcohol	34	60.4	61.0			
alcohol	4	46.0	17.6			
alcohol	77	57.2	40.2			
alcohol	8	11.9	58.7			
alcohol	18	64.9	31.9			
alcohol	5	35.1	30.8			
alcohol	7	40.5	74.9			
alcohol	4	59.5	39.5			
alcohol	4	41.5	48.5			
alcohol	44	64.5	40.2			

## APPOINTMENTS

# Group executive changes at Imperial Metal

Mr. E. N. Cannon has been appointed a director of Lightning Pastors and Lightning International from tomorrow. He is succeeded as commercial director of the rod and wire division of Imperial Metal Industries (Kynoch) by Mr. E. J. Plant. The company is a subsidiary of IMPERIAL METAL INDUSTRIES.

Mr. T. B. Hamilton has been appointed to the Board of the GRAIG SHIPPING COMPANY and its subsidiaries.

Mr. J. R. Thompson, managing director of RICHARD LLOYD, has taken over the additional position of chairman. He succeeds Mr. R. E. Higgins, who has relinquished that post in preparation for his retirement from the Board at the end of this year. Mr. Thompson, who is a director of the holding company, British Rollmakers Corporation, joined Richard Lloyd three years ago from Rolls-Royce. Mr. Higgins continues as a non-executive director, deputy chairman of British Rollmakers Corporation for the remainder of this year.

Mr. Trevor Glover has been appointed managing director of PENGUIN BOOKS AUSTRALIA.

from the beginning of May. He has been U.K. sales and marketing director since 1973.

Mr. Philip J. Knight, chief accounts at Amasco, has been appointed chief accountant of TARMAC INTERNATIONAL. He has been with the Tarmac Group since 1968.

Mr. Jeremy Hardie has been appointed a member of the MONOPOLIES AND MERGERS COMMISSION.

Mr. John Bone has been appointed to the Board of JOHN WALKER AND SONS.

Mr. A. M. Evans has been appointed a non-executive member of the Board of the NATIONAL BUS COMPANY until December 31, 1980. Mr. Evans has been National Organiser for the Transport and General Workers Union since 1973.

Mr. Vivian F. Frayling has been appointed director of personnel of the EYE GROUP. He succeeds Mr. A. Kanyon who left the group to take up a directorship with Grindlays Bank in London.

Mr. J. R. Cargram has been appointed a director of CORY DISTRIBUTION, a member of the Ocean Group.

Mr. William Goldstein will be appointed deputy chairman and Mr. Brian Barnett group assistant managing director of ELLIS AND COLDESTON (HOLDINGS), from tomorrow.

Mr. Allen Greenwood has been appointed chairman of REMPLY for three years. Mr. Greenwood has been a non-executive director of the company since 1968, and vice-chairman since 1972. He is chairman of the British Aircraft Corporation and has recently been appointed deputy chairman of the organising committee for British Aerospace. Mr. Greenwood succeeds Sir Derrick Carter who has been chairman since 1972, and a non-executive director since 1967. Sir Derrick has been made vice-chairman for a year.

Mr. G. D. Benjamin will enter into partnership with DUFF STOOPE, PIM VAUGHAN, stockbrokers, from May 3.

Mr. Conyers Surtess, senior partner of NORTON ROSE BOTTRELL AND ROSE, has retired. Mr. Anthony Ray, Mr. Colin Graves, Mr. Richard Richardson, Mr. Roger Birby and Mr. John Harding are being taken into partnership from tomorrow.

Mr. Paul Clark has been appointed an assistant general manager with the overseas department of LLOYDS BANK. He was previously chief manager of the department.

Mr. Richard M. Ellis, president and chief executive officer of American Express International Banking Corporation, has been elected a director of AMERICAN EXPRESS.

## HOME CONTRACTS

# Metro Cammell's £25m. Tyne Metro order

METRO CAMMELL, Birmingham, has signed a £25m. contract with the Tyne Wear Passenger Transport Executive to supply rolling stock for the Tyne Metro. Metro Cammell, one of six firms invited to tender, will deliver 85 two-car vehicles, the first arriving in August 1977 and the rest over the following two years.

COMPOPLEX COMPANY, of Delph, near Manchester, a 71 company, has received orders for service line flexible hose assemblies from BP Exploration. They will be used to transport fresh and potable water, diesel fuel, barytes and sea water from supply vessels to production platforms in the North Sea Forties Field.

BONE CRAVENS, part of the John Brown Group, has been awarded an order by Excelsior

Plastics, Hereford, a subsidiary of Unigate, for high density film plant and dies.

DAVID CHARLES CONSTRUCTION (MIDLANDS) has completed a contract worth more than £200,000 at the High Street, Slough, branch of Lloyds Bank. It involved refurbishing the existing banking and first floor, and the addition of a three-storey extension.

ICL has received an order for nine 2803 computer systems worth about £500,000 from the Severn Trent Water Authority. The eight divisional systems will be installed during this year at Nottingham, Gloucester, Derby, Shrewsbury, Burton, Coventry, Birmingham and Leicester.

The first 2803 will be installed shortly at the authority's headquarters in Sheldon, Birmingham.

# Australia and New Zealand Banking Group Limited

## Half-yearly Profit and Dividend Announcement Six Months Ended 31st March 1976

The directors of Australia and New Zealand Banking Group Limited announce an unaudited consolidated profit after tax for the half-year ended 31st March, 1976 of £11,229,000 an increase of £2,124,000 or 23.3 per cent. above the comparative result of £9,105,000 for the half-year to 31st March, 1975.

When expressed in Australian currency, the increase was 16.5 per cent. The difference is due to exchange rate fluctuations.

The directors have declared an interim dividend of 4.7p per share for the year ending 30th September, 1976 (1975—4.7p). It is payable on 9th July, 1976 to shareholders registered in the books of the Company at the close of business on 20th May, 1976. Together with the associated United Kingdom tax credit at the current rate, this is equivalent to a gross dividend of 7.23 per cent. (1975—7.23 per cent.).

The dividend will be payable in London in English currency and in Australia and New Zealand at buying rates of exchange for telegraphic transfers on London current at the date of the dividend warrants, namely 9th July, 1976.

Overall banking profits, which did not include any dividends from Esanda, were of the same order as in the corresponding period last year although costs continued to rise sharply. Esanda experienced a 47 per cent. increase in profits due to a higher level of net receivables.

Trading conditions in the first half-year were more satisfactory than anticipated but monetary conditions and other operating factors are likely to prove more difficult in the second half-year with a consequent effect on profitability.

Information relating to the unaudited consolidated results for the two comparative half-years is as follows:

	Half-Year to 31.3.73 £'000	Half-Year to 31.3.75 £'000	Percentage Movement
Group Income—being interest earned, net exchange, commissions, dividends and other items after deducting interest paid, provisions for bad and doubtful debts and transfers to contingencies reserves	113,147	91,273	+24.0
Profit before depreciation, income, land and other taxes	30,153	24,849	+21.3
Less: Depreciation (including Amortisation)	3,719	2,761	+34.7
Operating profit before income, land and other taxes	26,434	22,088	+19.7
Less: Income, land and other taxes	15,205	12,983	+17.1
Consolidated operating profit	11,229	9,105	+23.3

At 31st March, 1975 and 1976, 38,720,000 fully paid shares of £1 each were in issue.  
29th April, 1976



71 Cornhill, London EC3V 3PR Tel: 01-623 7111

# Reed & Smith

1975—A very difficult year.  
1976—Group in profit again  
for first quarter.

## REED & SMITH HOLDINGS LIMITED AND SUBSIDIARY COMPANIES

Financial results for year ended 31st December 1975

	1975 £000's	1974 £000's
Group Turnover	24,591	23,670
Trading (Loss)/Profit before taxation	(220)	1,303
(Loss)/Profit after taxation and extraordinary items	(145)	685
Dividends per Ordinary share (gross equivalent)	1.5384p	3.925p

## COMMENT

- The loss at Wansbrough amounted to over £1,000,000. The problems at this mill are now largely overcome.
- The Group made a profit during each of the months making up the first quarter of 1976.
- The trading outlook for this year is somewhat better than this time last year.
- In anticipation of the upturn in trade expected later this year, the heavy capital investment programme for 1975/76 has continued, largely unaffected by short term considerations.
- In all the circumstances, having regard to the need for adequate working capital to finance increased turnover later in the year, a reduced final dividend of 0.5p net is proposed.
- If the Board's confidence in the improved trading outlook is justified, the Group would hope to pay a higher dividend for 1976.

Copies of the report and accounts will be available on May 10th from The Secretary, Reed & Smith Holdings Limited, Silvester Mills, Hele, Exeter, Devon EX6 4PX.



# Yorkshire Chemicals Limited



Extracts from the speech of the Chairman, Sir Donald Kaberry, Bt., T.D., D.L., M.P., made at the Annual General Meeting of the Company, which was held on 28th April, 1976, in Leeds.

Improved world living standards, and the consequent increased consumption of synthetic and natural fibres and leather, are continuing to create greater demand for the Group's products.

Additional productive capacity, which will be completed early 1977, will provide greater opportunity to meet growing customer demand.

Overseas sales formed over two-thirds of total Group sales of £17,666,000 last year. The Board expects the main growth in demand to come from overseas, and the Group's marketing effort is now extended comprehensively worldwide.

Poor business conditions experienced in 1975, coupled with inflationary cost increases, resulted in a setback to the Group's progress. Nevertheless, the Board is confident that an early resumption of growth in profits will be achieved.

Group sales for the first three months of 1976 are well ahead of the same period in 1975. There is some initial indication of modest improvement in margins.

## DIVIDENDS

A final dividend of 7.7194% was declared, making a total dividend for the year of 15.5194%, this being the maximum permitted under current legislation. The dividend will be paid on 14th May, 1976.

## Five year Record (in £000)

	1971/72	1972/73	1973/74	9 months to 31st Dec. 1974	1975
Turnover	9,827	12,026	15,732	13,262	17,666
Trading Profit	1,871	2,750	3,359	2,457	2,475
Profit before Tax	1,786	2,662	3,241	2,321	2,023
Profit after Tax	993	1,476	1,604	903	954
Earnings per Ordinary Share	10.2p	15.2p	16.6p	9.3p	9.8p
Gross Dividends per Ordinary Share	4.375p	4.594p	4.823p	4.107p	5.969p
Assets employed	7,868	9,318	11,180	14,198	17,976
Net Assets per Ordinary Share	61p	74p	89p	92p	98p

Subsidiary Companies in West Germany, Australia, Brazil, France, Spain, Holland and Italy, and agencies throughout the world.



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BY MICHAEL LAFFERTY







# WALL STREET OVERSEAS MARKETS

## Firmer ahead of banking figures: Pound improves

### Gold Market

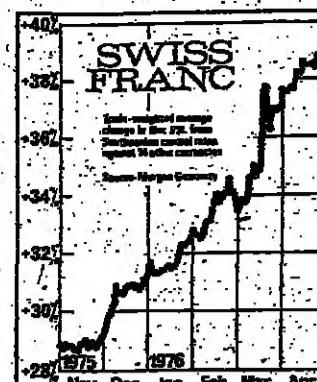
BY OUR WALL STREET CORRESPONDENT

A FIRMER tendency developed in another trading session on Wall Street today, governed in part by caution ahead of the U.S. weekly banking figures. The Dow Jones Industrial Average finished 1.42 up at 1002.13, after 1005.75, but the NYSE All-Company Index shed 1 cent to 324.54, while rises led falls by 52.76-646. The market expanded 1.83m. shares to 17.74m. Just as the Stock Market closed, the Federal Reserve Bank of New York reported that money supply rose by \$400m. to \$303,600m. in the week ended April 23. Some analysts said the small increase in the money supply, which often signals future trends in monetary policy and interest rates, may be something to watch for a decline in the closely watched indicator. Investors were encouraged earlier by a report that first-quarter earnings show the biggest jump in 17 years. General Motors moved up \$1 to \$71 on its first-quarter net earnings of \$2.78 a share from 20 cents during the depths of the recession a year ago. Ford Motor firmed \$1 to \$80 on "bullish" earnings. U.S. Steel picked up \$1 to \$82 on rising flat-rolled steel prices by an average of 6 per cent, effective June 14. Inland Container advanced \$1 to \$82 on a second quarter and probably through 1977. Procter and Gamble climbed \$1 to \$88 on a second quarter and probably through 1977. Boeing was lifted \$1 to \$50. Pitkin rose \$1 to \$30. Amstar Industries \$1 to \$37. Norfolk and Western Railway \$1 to \$77. Superconductor \$1 to \$82. SPS to \$82. General Dynamics \$1 to \$87. Digital Equipment \$1 to \$82. IBM \$1 to \$82. Eastman Kodak \$1 to \$81. National Semiconductor \$1 to \$82. Alpha Portland Industries improved \$1 to \$81, following "sharply higher" first quarter net earnings.

The American SE Market Value Index dipped 0.11 to 102.30, while losses outnumbered gains by 316 to 289. Turnover amounted to 2,03m. (1.92m) shares. **OTHER MARKETS** Canadian Stock Markets also edged higher in moderate trading yesterday. The Industrial Share Index rose 0.11 to 102.37. Golds 1.46 to 203.57. Western Oils 1.49 to 223.10. U.S. Steel 1.44 to 141.03 and Bunkers 0.04 to 244.07. But Base Metals shed 0.03 to \$8.99 and Papers lost 0.21 to 129.23. Bank of Nova Scotia gained \$2 to \$48.1. Lincoln Trust and Savings were lifted \$4 to \$20.1 after Canada Trust announced an offer for the shares. Dome Petroleum were up \$1 to \$37 and Interprovincial Pipe Line \$1 to \$37.1. Milson Companies lost \$1 to \$17 and Moranda Mines were down \$1 to \$67.1. PARS—French shares continued their advance over a broad front. Real Estate, however, generally dropped back. STX rose \$2.20 to \$130 on the announcement that ITT is prepared to sell its majority holding. Carrefour gained Frs.11 to 2,010 in French Foods. Motors were higher, as were Peugeot in Engineering, French BP and Roussel Uclaf each improved in Oils and Chemicals. BSN moved up Frs.6 to 645 after announcing an unchanged dividend despite a 1975 loss. U.S. issues did well, especially Eastern Kodak. Germans were easier. International Oils were better but most Gold Mines dipped, as did Copper. BRUSSELS—Mixed in quiet trading, with investors generally adopting a cautious attitude. Sidro, Montagne, Aere, Cockerill and UCB each improved. But Sofina, Tractebel, Wagons-Lits, Cominco, Financiere, and Arbed each declined. AMSTERDAM—Narrowly mixed in quiet trading ahead of the Queen's birthday holiday. Dutch Internationals were mixed. Royal Dutch Fls.120 to 127.5 and Unilever Fls.120 to 128.5. Banks, Insurances, Transportations and Dutch Industrials were mixed. RNSM Group put on Fls.120. Heineken came back Fls.6.50 to 151.8, while Bols held unchanged at Fls.120.1. LNT saw a 10 per cent approved changes in its Articles of Association. TOKYO—All Japanese Markets were closed yesterday, due to National Holiday. AFRICA—Fractionally higher in slightly increased trading. Metro-Dowdell jumped 95 cents to \$18.13 on 11 "much better" United Africa/India/China/Arabia/China shares. Hutchison were up 5 cents to 9.65. Hong Kong Electric 10 cents to 4.40. Hong Kong Telephone 20 cents to 2.10. Anglo Siam 20 cents to 17.40. JOHANNESBURG—Gold shares were easier on London and local trading. "Heavyweights" losing up to 30 cents and "marginal" and "speculative" issues shedding up to 30 cents. Financials were quiet and little changed. Coppers were steady. Platinum was firmer and other Metals were harder. Industrials were inactive. AUSTRALIA—Mixed in subdued trading. Amco Minings, Peko-Wallend fell 12 cents to \$43.50, but MIN Resources 4 cents to \$43.70. Amco Resources actively supported, with Utah rising 10 cents to \$43.70. Among Banks, Wals advanced 6 cents to \$43.30.

NEW YORK, April 29.

Sterling continued to improve compared with DM2.5375 on Wednesday, rising to its best levels since the latest bout of nervousness. The pound closed at \$2.5375, up from \$2.5375, and also narrowing the gap between the pound and the Swiss franc. The Swiss franc advanced with the pound and most other major European currencies, improved against the U.S. dollar, following a fall in the index of leading U.S. economic indicators in March. The pound closed at \$2.5375, up from \$2.5375, and also narrowing the gap between the pound and the Swiss franc. The Swiss franc advanced with the pound and most other major European currencies, improved against the U.S. dollar, following a fall in the index of leading U.S. economic indicators in March. The pound closed at \$2.5375, up from \$2.5375, and also narrowing the gap between the pound and the Swiss franc. The Swiss franc advanced with the pound and most other major European currencies, improved against the U.S. dollar, following a fall in the index of leading U.S. economic indicators in March.



SPECIAL DRAWING

RIGHT RATES

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## Indices

### NEW YORK-DOW JONES

	April										Index		Index components	
	April 29	April 28	April 27	April 26	April 25	April 24	April 23	April 22	April 21	April 20	April 19	High	Low	
Industrials.....	1082.15	1080.77	1083.61	1082.76	1080.77	1080.77	1080.77	1080.77	1080.77	1080.77	1080.77	1080.77	1080.77	
Transport.....	78.10	77.85	78.34	78.47	78.59	78.50	78.50	78.50	78.50	78.50	78.50	78.50	78.50	
Commodities.....	212.85	213.58	210.82	212.45	212.45	212.45	212.45	212.45	212.45	212.45	212.45	212.45	212.45	
Volatility.....	17.40	17.40	17.40	17.40	17.40	17.40	17.40	17.40	17.40	17.40	17.40	17.40	17.40	
Trading vol. 000's	17,740	16,780	17,780	16,820	17,000	16,820	17,000	16,820	17,000	16,820	17,000	16,820	17,000	
Int. div. yield %	April 23										April 13	April 9	Year ago, approx.	
	3.68										3.76	3.81	3.88	



# Peart opposes EEC plan for cutting food subsidies

BY ROBIN REEVES

LUXEMBOURG, April 29.

ANY EEC measures which put up British food prices during the current pay policy negotiations would be counter-productive and unacceptable, Mr. Fred Peart, U.K. Minister of Agriculture, told the Common Market Council of Ministers here this afternoon.

Mr. Peart was setting out his views on the Brussels Commission's proposals for dampening the steep rise in the cost of the Common Agricultural Policy stemming from the sharp decline of sterling and the Italian lira.

The Commission's proposed economies—the subject of today's emergency council—envisaged economies of the order of 200m. to 250m. units of account (a little over £100m.) in the EEC's 1976 farm budget.

This was originally set at 540m. units of account (222bn.), but this figure threatened to mount substantially as a result of currency weaknesses and increased expenditure in the dairy sector.

Today, however, Mr. Peart warned that any measures beyond simply trimming EEC subsidies of many food imports, by a suggested 2.5 per cent, in the U.K.'s case, would be a device, but he was ready to go ahead with the proposals to channel the monetary food import subsidies through exporters only—although he felt that Monday was too soon to introduce the new arrangements.

At present, the subsidies are paid in part to the exporter and in part to the importer. By paying the exporter only, there will be an accounting "saving" in the Community budget. The cost will be transferred to the administrative chapters. At the same time, however, the Commission argues that there will be a real saving since less foreign exchange transactions will be needed.

Mr. Peart said that he was prepared to accept the exporters only arrangement, but there was widespread opposition to trimming the monetary compensatory subsidy payments. Sir Giovanni Marcora, the Italian Farm Minister, said he was prepared to accept the 6 per cent green lira devaluation—this will lift Italian producers' guaranteed prices by an estimated 10 per cent, but he rejected more than a 2 per cent trimming in the monetary border taxes and subsidies.

Herr Josef Exler, the West German Farm Minister, said he was concerned at the adverse impact of the green lira devaluation on German farm exports than with the mounting cost of the CAP but thought there was a real risk German beef and dairy products would pile up in intervention stores rather than be exported to Italy, which could be too soon to introduce an election year.

# 'Sign tin pact call to Bolivia'

BY JOHN EDWARDS, COMMODITIES EDITOR

A SPECIAL delegation from the International Tin Council has gone to La Paz in an effort to persuade Bolivia to sign the new Tin Agreement, it was confirmed yesterday. As a result, because of problems of returning to the "special meeting" of the Tin Council, the two vice-chairmen, who were expected to arrive in La Paz on Tuesday, have been delayed until Wednesday morning.

The delegation, led by Mr. Harold Allen, executive chairman of the Tin Council, includes the two vice-chairmen, who were expected to arrive in La Paz on Tuesday, have been delayed until Wednesday morning.

It appears, therefore, that there is to be intense pressure on Bolivia to reverse its decision not to sign the new Tin Agreement, due to replace the present tin price agreement, which expires on May 31. The delegation is expected to see President Hugo Banzer of Bolivia, who was due to give

# Forecast of cocoa surplus cut

By Our Commodities Editor

THE SURPLUS of cocoa production over demand in 1976-76 is reduced to a mere 7,000 tonnes in the latest market report by London merchants, Gull and Duffus, out today.

A surplus of 26,000 tonnes was forecast in the previous report, but this figure has been reduced as a result of an expected small fall in output (now put at 1,511,000 tonnes) and a small rise in grindings. Stocks at the end of current season are now expected to be the equivalent of only 3.6 months' supply.

The report points out that the tightening fundamental supply-demand situation, allied to currency influenced commodity buying, was the perfect formula for the recent dramatic rise in prices on the market, where not a few consumers were apparently short of cover.

It adds that if 1976-77 crops are good prices may fall, but the crop outlook is not yet known and for the next two or three months at least producers may continue to call the tune.

Market sources also suggest that the Brazilian Temporal crop will be later than usual this year, while further delays in shipments from West Africa are expected.

Meanwhile, cocoa prices fluctuated wildly on the London futures market yesterday. Values moved the permissible limit up in the morning, but fell sharply again in late afternoon trading.

# Farm reform plan by TUC

A PLAN FOR an Agricultural Marketing Commission "to introduce more efficiency and stability to the industry" will shortly be put before Mr. Fred Peart, Agriculture Minister, by the TUC.

The Commission would have overall control of output, and prices under five-year targets approved by the Government, and could also administer food subsidies. Special marketing boards for individual commodities would be created with new powers to maintain prices.

The plan in a memorandum approved by the General Council is being put forward because the TUC believes that the EEC Common Agricultural Policy will lead to less rather than more planning and stability in production and marketing.

These proposals represent part of a fundamental reform of the Common Agricultural Policy to overcome its main shortcomings of high prices and over-production, it says.

# Incipient disaster from drought

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE chestnut trees in front of my house are a good measure of the progress of spring. This year their leaves have been emerging by fits and starts. A warm day and night brings considerable development, and then there are a couple of frosts, a cold day and night, and all growth stops. These winds and frosts are doing far more harm than the water shortage to the immediate farming prospects. I must underline that any assessment of the situation by a farmer like myself tends to be subjective and much influenced by his immediate circumstances.

To take my own farming first. The dry winter suited the arable land and the winter barley was planted in the best tillth that I can remember, and was finished by the first week of March. Germination and emergence were very slow because the low soil temperatures and growth is now also being delayed. On the other hand the growing crops are looking a good colour and there seems to be plenty of moisture in the soil, certainly enough in my land to keep the crop going for a while. The fact that there is so much moisture after no more than 11 inches of rain since March 1 is a direct result of the good tillth and the fact that it does not evaporate so readily from soil of good tilth and there is quite good root development.

In some ways the situation is not so bad as it seems. Once a crop stops growing at this time of year it begins to suffer loss of plant and the longer growth is restricted the less chance there is of achieving maximum development. The present system of ploughing my own farm. Until a few years ago I used to plant barley with all the necessary fertiliser in one operation. This could result, in a wet spring, in the waste through leaching of a considerable amount of the nitrogen. The present system of ploughing entails a small amount of nitrogen with the seed with the rest added at a later date. In most years this comes off and its loss is not a great loss. In the present drought, however, this is not the case. The nitrogen is being held in the soil and is being used by the plant. This is a good thing. The overall worry on my farm and many others is grass both for immediate grazing and conservation. I have no cattle, but a great many sheep. A sheep's mouth is designed to cope with very short grazing, and as long as the grass keeps growing sheep by its very excess.

# Time margin

There is nothing in all this which an acre of rain and warmer weather after the frost fortnight could not change from incipient disaster into a good growing season, but the margin of time is getting very narrow. This, I gather, applies in the case of growers of southern and eastern England.

On water supplies generally, the situation is very serious indeed, particularly where reliance is on the chalk aquifer. Wells are lower than I have ever known them, and unless there is substantial rain, say 6-8 inches, by the end of May very great difficulties could arise. The irony of the situation is that at this time of year such May rainfall would harm be to crops and stock by its very excess.

# Sharp dispute in EEC cane sugar talks

BY DAVID CURRY

BRUSSELS, April 29.

THIRD-WORLD sugar producers have reacted angrily to the refusal of the EEC to push up its initial offer for raw cane sugar supplies to the Community.

Before Easter the EEC offered some 335,000 units of Account per year, but the initial offer was of about £147 a tonne but because of the decline in the value of sterling this is now worth about £180. The ACP countries claim

# MODITY MARKET REPORTS AND PRICES

An ongoing pre-market		in 225 points in a		a		in various conditions values		very erratically recording 23		in the lower		reports GIN and Duffin.	
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# Bank of Montreal

Established 1817

Dividend No. 470

COFFEE

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April 29/30

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# SOYABEAN MEAL

GRAINS	
U.S. - KALIC - Moderates - quantity of SEC for trading for May. Minimum to the U.K. - South Coast ports wide - April month was in the market for a limited tonnage of SEC wheat, also for May.	
Prices generally showed little change.	
Wheat: Canadian Western Red Spring No. 138 per cent. unquipped. U.S. Dark Northern Spring No. 2 14 per cent. unquipped. SEC Feed May 170 East Coast.	
Maize: No. 4 Yellow American French seed 24.15. unquipped. East Coast.	
Barley: SEC Feed May 172.50 East Coast.	
MARK LANE - Traders were a little	

# RUBBER

RUBBER	PRICE CHANGES
London Rubber Exchange	April 29/30
3 months forward	1976
1977	
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# GRAINS

GRAINS	PRICE CHANGES
London Grains Exchange	April 29/30
3 months forward	1976
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# JUTE

JUTE	PRICE CHANGES
London Jute Exchange	April 29/30
3 months forward	1976
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# WOOL FUTURES

WOOL FUTURES	PRICE CHANGES
London Wool Futures Exchange	April 29/30
3 months forward	1976
1977	
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# MEAT/VEGETABLES

MEAT/VEGETABLES	PRICE CHANGES
London Meat/Vegetables Exchange	April 29/30
3 months forward	1976
1977	
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1981	
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# PRICE CHANGES

PRICE CHANGES	PRICE CHANGES
April 29/30	1976
1977	1978
1979	1980
1981	1982
1983	1984
1985	1986
1987	1988
1989	1990
1991	1992
1993	1994
1995	1996
1997	1998
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2021	2022
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2025	2026
2027	2028
2029	2030

# U.S. Markets

U.S. Markets	PRICE CHANGES
April 29/30	1976
1977	1978
1979	1980
1981	1982
1983	1984
1985	1986
1987	1988
1989	1990
1991	1992
1993	1994
1995	1996
1997	1998
1999	2000
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2015	2016
2017	2018
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2021	2022
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2029	2030

# Easy trend in copper and grains

NEW YORK, April 29.

EARLY STRENGTH on Monday buying was followed by a steady decline in copper and grain prices. Copper fell from 100.00 to 98.00, while grain prices fell from 1.50 to 1.40. The trend was attributed to a lack of demand and a surplus of supply.

# FINANCIAL TIMES

FINANCIAL TIMES	PRICE CHANGES
April 29/30	1976
1977	1978
1979	1980
1981	1982
1983	1984
1985	1986
1987	1988
1989	1990
1991	1992
1993	1994
1995	1996
1997	1998
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2019	2020
2021	2022
2023	2024
2025	2026
2027	2028
2029	2030

# REUTERS

REUTERS	PRICE CHANGES
April 29/30	1976
1977	1978
1979	1980
1981	1982
1983	1984
1985	1986
1987	1988
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1991	1992
1993	1994
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2029	2030

# DOW JONES



## STOCK EXCHANGE REPORT

Firm conditions continue but interest at a low level  
Share index up 1.9 at 412.2 after 413.7—ANZ Bank featured

**Account Dealing Dates**  
Option  
First Declared Last Account  
Dealing Date Dealing Date  
Apr. 20 Apr. 29 Apr. 30 May 11  
May 2 May 12 May 13 May 25  
May 17 May 27 May 28 Jun. 9

With sterling continuing its recent recovery, stock markets remained firm in quiet trading. British Funds again set the trend, fresh demand finding the market and prices closing with further gains ranging to 2 at the longer end. The Government Securities index put on 0.30 more to 42.14, for a three-day gain of 1.33.

Interest in the equity sector centred chiefly on companies making trading statements. Nevertheless, leading Industrials made a little further progress. Some continue buying in the earlier stages took the FT 30-share index up to its best of the day at 11 a.m. with a rise of 3.4. However, with the majority of investors content to await the outcome of the wages negotiations, the market drifted back to close with only small gains on balance and the index closed a net 1.9 higher at 412.2.

Among the day's most noteworthy movements, Australia and New Zealand Bankings Group featured with a jump of 6.5 to 488p on news of the proposed change of domicile which accompanied the interim results and details of an £11.2m "Rights" issue. By way of contrast, however, "A" (15) 320p on disappointment with the results for the first quarter. Overall it was another very quiet day—official marketings were only 5,382—but the stock was higher levels. Rises led by 7.4 in FT-quoted Industrials, while the All-Share index improved 0.3 per cent to 168.56.

## Funds continue higher

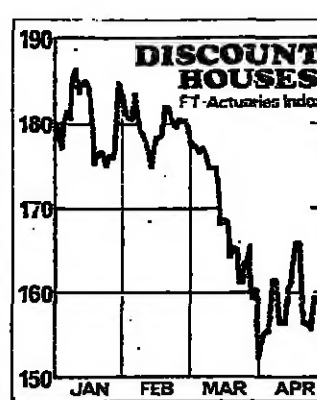
The course of sterling, which continued upwards on hopes of a settlement shortly of a new

National wage deal between the Government and the TUC, largely dominated sentiment again in British Funds. Conditions remained thin, although they were less so than recently, and a further one-way interest produced fresh rises extending to 2 before they were finally clipped to 2. Despite rumours to the contrary, neither "tap" was operative, current levels being maintained. The Government broker was last a seller. After-hours the long end eased slightly, but the short end tended to firm. Corporations went ahead by a full point.

A volatile and narrow market still, the investment currency premium floated to 115 per cent on the Australia and New Zealand Bankings Group's close. The bank's interim results showed a 10 per cent rise in profits, while the New Zealand conversion factor was 0.6397 (0.6393).

## ANZ jump

News of the planned change of domicile from the U.K. to Australia together with the proposed 11m. rights issue and higher interim profits helped Australia and New Zealand Bankings Group overcome recent nervousness and go ahead strongly. From Wednesday's close of around 480p, ANZ were opened quickly higher in 440p and traded busily up to 488p before closing 6.5 up at 488p. Standard Chartered, the day's other big mover, rose 2.5 to 230p. By way of contrast, the big four Banks traded quietly and closed a shade firmer for choice, with Lloyds, Citibank, HSBC and National Westminster 240p, all closing 2 dearest. Gerard and Downing rose 10 to 270p in Discounts following the good results and proposed 100 per cent scrip issue. Union Gardens 3 to 330p in sympathy. Slater Walker Securities were dull in Merchant Bankings, following the Directors' decision to defer payment of the half-year dividend on the Preference shares.



DISCOUNT HOUSES  
FT Actuaries Index

C. T. Bowring issues were prominent in insurance brokers, in fairly active trading. The ordinary closed 4 higher at 79p as did the New nil-paid shares at 14p premium, while the New nil-paid shares closed 1.5 higher at 13p. A Press mention helped Alexander Howden, harden 6 to 138p.

Breweries made modest progress. Arthur Guinness improved 2 to 124p and Allied were 124p and 124p. On the other hand, cheapened 2 to 151p. On the interim results, Elsevier closed 2 to 151p and further small buying in a thin market helped Teacher (Discounts) rise 3 more to 230p. For a second time, the day's other big mover, the big four Banks traded quietly and closed a shade firmer for choice, with Lloyds, Citibank, HSBC and National Westminster 240p, all closing 2 dearest. Gerard and Downing rose 10 to 270p in Discounts following the good results and proposed 100 per cent scrip issue. Union Gardens 3 to 330p in sympathy. Slater Walker Securities were dull in Merchant Bankings, following the Directors' decision to defer payment of the half-year dividend on the Preference shares.

while Alfred Oby 61 per cent. Cum. Prof. were marked up 25 to 413.7p on the offer terms of 50p. The results of the Thomas Tilling, O. C. Sammers edged up 2 to 41p in front of today's preliminary figures. After touching 400p, they closed unchanged on the day at 400p. Yorkshire Chemicals improved 1 to 138p, while Burrell, still on the results, closed a fraction better at 10p. Bernard Wardle, however, receded 1 to 157p despite a favourable Press mention.

## EMI advance fresh

EMI remained a good feature in leading Industrials, recording a fresh advance of 7 at 200p, in response to favourable Press comment on the cheering third quarter report from Capitol Industries-EMI. BICC rose (now fully paid) improved 4 to 110p, while the old nil-paid shares at 124p, after 125p. Philips Lamp, following the annual meeting, edged 2 higher at 110p, while Plessey harden 1 penny 30p. Elsewhere, Telephone Rentals gained 2 at 100p for a two-day gain of 5 on the better-than-expected results. Dorman Smith improved 3 to 124p. George Sturtis held steady at 15p; the price in recent issues has been incorrect.

Leading Stores closed little changed after a reasonable two-way business. British Homes Stores, which reported preliminary results, next Monday, moved up 2 to 40p ahead of today's issues. Helios of London, harden a penny more, at 10p on further consideration of the preliminary results. Bremner moved 2 to 40p ahead of today's issues. Reed "A", 41p, and W. R. Smith "A", 38p, put on 3 and 4 respectively. Martin Ford were 21p, better at 33p as were Vernon Fashions at 47p.

dered demand for Clarke Chapman, up 4 at 80p, and McKeechle Bros, were 2 better at 75p after 224p, put on 4 and 5 respectively. A firm market recently, following the good annual results at 113p. British Northrop met with profit-taking after the preliminary statement and eased 3 to 91p. Elsewhere, Advest advanced 6 to 165p and Weyburn 4 to 240p, after 240p; the latter's shares rose 9 to 200p. Gregorion, B. Elliott were quoted ex "rights" at 64p with the new nil-paid shares at 153p premium.

## Oil leaders good

Leading Oil showed no sign of flagging, although closing levels were below the best institutional buying seen on the breakdown of the bid talks with Mervyn Gope, shed 2 more to 75p, while the latter, at 15p, also lost 2.

Overseas Traders closed little changed after a steady day, helped by Press comment on the results, put on 3 to 174p. Earlier at 13p in front of the results, S. Pearson rallied on the news to close 3 lower on balance at 135p in Trusts and Financials. The sale of shares in a New Zealand company, a penny more to 250p.

Following the preliminary results, while Dowry, 170p, and Lanes, 224p, put on 4 and 5 respectively. Reducing overseas advances, Volvo hardened 12 points to 220p. Garages had Alexander 24 Granger at 81p following a Press mention. Perry, which finished 2 harder at 50p on the higher earnings.

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## F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Thursday, April 29, 1976										Highs and Lows Index	
GROUPS & SUB-SECTIONS		Index	Per-centage	Index	Per-centage	Index	Per-centage	Index	Per-centage	Index	Per-centage	1976	1975
1 CAPITAL GOODS (179)		157.37	-0.5	14.43	5.57	10.48	10.55	156.88	156.48	154.30	154.65	120.80	150.06
2 Building Materials (130)		144.09	-	12.41	8.21	12.31	12.30	144.09	143.35	141.84	142.52	108.11	150.18
3 Contracting, Construction (23)		234.82	-	15.96	4.70	9.73	9.73	234.82	235.64	234.99	232.08	231.19	230.20
4 Electricals (16)		276.83	-0.7	14.78	4.47	9.98	8.71	274.99	275.94	269.81	271.95	211.67	287.50
5 Engineering (Heavy) (13)		190.12	-0.4	10.97	6.20	8.21	8.21	189.38	188.91	188.78	188.29	148.60	190.12
6 Engineering (General) (63)		147.11	-0.3	14.72	5.94	10.11	10.10	146.68	145.90	144.03	143.96	105.54	147.75
7 Machine and Other Tools (9)		59.01	-0.2	14.42	6.62	12.45	12.45	58.91	58.89	57.45	57.78	44.85	58.91
8 Miscellaneous (28)		139.79	+0.5	15.84	6.01	11.50	11.50	139.15	138.73	137.19	137.84	70.36	140.14
9 CONSUMER GOODS (DURABLE) (32)		137.27	-0.1	15.01	4.75	9.85	9.85	137.13	136.96	135.43	135.86	85.40	141.46
10 Lt. Electronics, Radio TV (15)		153.78	-0.2	12.93	3.50	11.36	11.34	153.40	153.31	151.71	152.85	84.25	150.25
11 Household Goods (13)		178.40	-1.5	19.25	6.59	7.74	7.72	182.07	181.64	180.83	181.85	157.09	187.22
12 Motors and Distributors (25)		83.66	-0.6	15.84	6.14	9.00	8.95	85.19	85.04	81.79	81.54	48.85	85.19
13 CONSUMER GOODS (NON-DURABLE) (108)		154.00	-0.2	14.00	5.83	10.74	10.66	153.59	154.08	150.98	150.71	135.94	153.59
14 Breweries (15)		156.31	-0.7	14.41	6.90	10.41	10.41	155.30	156.56	154.96	155.23	147.78	155.30
15 Wines and Spirits (17)		148.81	-1.3	10.23	5.50	14.85	14.85	148.81	148.15	147.25	147.28	139.30	148.81
16 Entertainment, Catering (14)		168.81	-0.6	12.75	6.28	12.08	12.08	168.81	168.14	167.78	168.46	144.84	168.81
17 Food Manufacturing (22)		174.34	-0.1	14.67	6.98	10.87	10.81	174.45	174.50	171.33	170.98	144.14	174.45
18 Food Retailing (16)		137.39	-0.9	12.01	5.09	12.12	12.12	138.63	138.50	135.85	135.86	137.92	138.63
19 Newspapers, Publishing (16)		173.97	-0.2	12.76	5.92	11.74	11.73	173.07	173.03	171.61	171.83	137.30	173.07
20 Packaging and Paper (12)		109.07	-0.3	19.23	7.17	7.93	7.94	108.78	108.82	107.77	108.78	87.48	108.78
21 Stores (34)		138.67	-	11.76	5.41	13.11	13.08	136.71	137.15	135.83	135.06	126.55	136.71
22 Textiles (23)		168.48	-1.5	13.09	6.58	10.08	9.94	168.98	167.08	165.00	164.78	130.56	168.98
23 Tobaccos (3)		226.66	-0.5	19.24	6.35	7.93	7.93	227.42	229.48	224.04	221.54	179.68	227.42
24 Toys and Games (6)		76.63	-1.6	18.03	4.91	7.72	7.72	77.46	76.37	72.70	72.84	41.51	76.63
OTHER GROUPS (96)		170.31	-	13.62	6.26	10.81	10.80	170.35	169.89	168.09	167.87	141.59	170.35
25 Chemicals (26)		226.96	-0.2	11.42	4.26	12.80	12.80	226.91	226.78	223.55	223.66	199.33	226.91
26 Office Equipment (8)		98.59	-0.4	12.95	5.30	11.78	11.78	98.77	98.67	96.56	97.12	92.49	98.77
27 Shipping (12)		168.51	-	18.69	6.77	6.86	6.86	168.71	168.05	166.78	167.47	137.80	168.71
28 Miscellaneous (19)		170.31	-	13.62	6.26	10.81	10.80	170.35	169.89	168.09	167.87	141.59	170.35
29 INDUSTRIAL GROUP (406)		161.81	-0.1	13.62	5.51	10.74	10.67	161.81	161.61	159.82	159.77	151.20	161.81
30 OILS (4)		179.25	-1.1	11.80	4.33	10.84	9.47	178.24	178.14	176.31	176.07	141.11	178.24
31 500 SHARE INDEX		179.75	-0.3	13.42	5.52	10.68	10.46	179.17	178.92	176.35	176.07	141.11	179.17
32 FINANCIAL GROUP (100)		156.04	+0.3	16.76	5.19	8.20	8.20	156.59	156.88	155.07	155.06	126.55	156.59
33 Banks (6)		156.04	+0.3	16.76	5.19	8.20	8.20	156.59	156.88	155.07	155.06	126.55	156.59
34 Discount Houses (10)		156.04	+0.3	16.76	5.19	8.20	8.20	156.59	156.88	155.07	155.06	126.55	156.59
35 Hire Purchase (5)		115.69	-0.7	11.42	5.19	8.20	8.20	115.69	115.69	114.12	114.12	111.94	115.69
36 Insurance (Life) (9)		117.42	-0.1	11.42	5.19	8.20	8.20	117.42	117.42	115.69	115.69	111.94	117.42
37 Insurance (Composite) (7)		108.98	-0.1	11.42	5.19	8.20	8.20	108.98	108.98	107.42	107.42	104.12	108.98
38 Insurance (Brokers) (9)		108.98	-0.1	11.42	5.19	8.20	8.20	108.98	108.98	107.42	107.42	104.12	108.98
39 Merchant Banks (17)		117.42	-0.1	11.42	5.19	8.20	8.20	117.42	117.42	115.69	115.69	111.94	117.42
40 Property (31)		160.80	-0.6	13.09	6.58	10.08	9.94	160.98	160.08	158.00	157.78	130.56	160.98
41 Miscellaneous (6)		81.13	-0.5	16.11	6.92	7.78	7.78	80.93	81.46	80.01	79.47	73.20	80.93
42 Investment Trusts (50)		168.24	-0.2	3.15	4.39	23.25	33.25	168.09	168.15	166.58	166.77	164.46	168.09
43 ALL-SHARE INDEX (650)		168.56	-0.3	5.28	-	-	-	168.02	168.11	166.77	166.68	141.74	168.02
COMMODITY GROUPS (Not included in 500 or All-Share indices)													
44 Rubbers (9)		508.73	+1.6	11.71	5.65	12.87	12.89	500.51	497.69	493.40	490.53	491.73	500.51
45 Teas (8)		139.46	-0.7	30.21	4.49	4.49	4.49	140.44	138.73	138.46	135.70	88.19	140.44
46 Coppers (3)		242.62	-	40.73	7.08	2.46	2.46	242.62	251.01	248.18	228.75	443.96	